

TAB 60

807 KAR 5:001 Section 16(7)(1)

**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2026-00099**  
**Forecasted Test Period Filing Requirements**  
**807 KAR 5:001 Section 16(7)(l)**

**Description of Filing Requirement:**

The annual report to shareholders or members and the statistical supplements covering the most recent two (2) years from the application filing date;

**Response:**

The annual report to shareholders for the Parent Company, NiSource, Inc., includes Form 10-K. Please refer to the attached for reports from 2024 and 2025.

**Responsible Witness:**

Elizabeth N. Davis



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# MAKING STRIDES. CARRYING MOMENTUM.

NISOURCE 2024 ANNUAL REPORT





## WHAT'S INSIDE

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## A MESSAGE FROM OUR PRESIDENT & CHIEF EXECUTIVE OFFICER

# LLOYD YATES

### TO OUR SHAREHOLDERS,

2024 was an exceptional year for NiSource. We continued making strides toward our vision of being a premier, innovative and trusted energy partner. With a clear and focused strategy, the NiSource team prioritized operational excellence and safety, delivered strong financial results, provided outstanding customer service and executed on sustainability goals – contributing to the short and long-term success of our company.

Notable 2024 highlights reflect the impact of the NiSource team and our commitment to delivering safe and reliable energy at an affordable value:

### OPERATIONAL EXCELLENCE AND SAFETY

- For three consecutive years, we delivered better and safer performance by continuing on our path to top decile for Days Away, Restricted or Transferred (DART) and Preventable Vehicle Collisions (PVCs).
- Continued to maintain our certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our Safety Management System (SMS), in addition to being recognized with the ISO 55001 certification from LRQA, one of the world's leading providers of professional engineering and technology services. This accomplishment makes us only one of a few utilities in the world to hold both certifications.
- Progressed our customer service strategy using advanced technology with an upgraded work and asset management system. This system leverages AI-driven data and analytics to boost productivity and efficiency in our dispatch operations.



## FINANCIAL

- Reported full year adjusted earnings per share ("EPS") of \$1.75, which exceeded our 2024 guidance range.
- Delivered one-year total shareholder return (TSR) of 43% (94th percentile of our relative TSR group), and three-year TSR of 47.9% (91st percentile of our relative TSR group).
- Achieved a 14.6% FFO/Debt ratio, and 9.4% growth in adjusted EPS over 2023, showcasing our strong cash flow generation and financial discipline.
- Continued to differentiate ourselves from our peers by building a constructive regulatory foundation, and our balance sheet flexibility allows us to both optimize cost of capital for customers and ultimate return on capital for our shareholders.

## CUSTOMER SATISFACTION

- Exceeded top level customer satisfaction survey goal, which includes measures of our customers' satisfaction of interactions with customer service representatives, field service employees, interactive voice response, online survey interaction with the MyAccount website or mobile app and project work/site restoration.
- NIPSCO, Columbia Gas of Ohio, Columbia Gas of Kentucky and Columbia Gas of Virginia were named among the most trusted utility brands by Escalent, following its 2024 Cogent Syndicated Utility Trusted Brand & Customer Engagement: Residential study.
- NIPSCO and Columbia Gas' websites were ranked by E Source among the top utility websites in the U.S. and Canada, with NIPSCO ranked first overall out of ninety-three utilities surveyed.
- Received Chartwell, Inc.'s Silver Award for Excellence in Billing and Payment Programs, recognizing NiSource's data-driven customer engagement strategy that leverages proactive outreach via customers' preferred communications channel.

## PEOPLE & CULTURE

- Ranked on Forbes List of America's Best Employers for Women 2024. This is the third year NiSource has ranked in the top ten among utilities.
- Selected as a 2024 Campus Forward Award Winner for the company's commitment to seeking out and hiring early career talent and investments in nurturing and retaining the next generation of diverse talent.

## SUSTAINABILITY

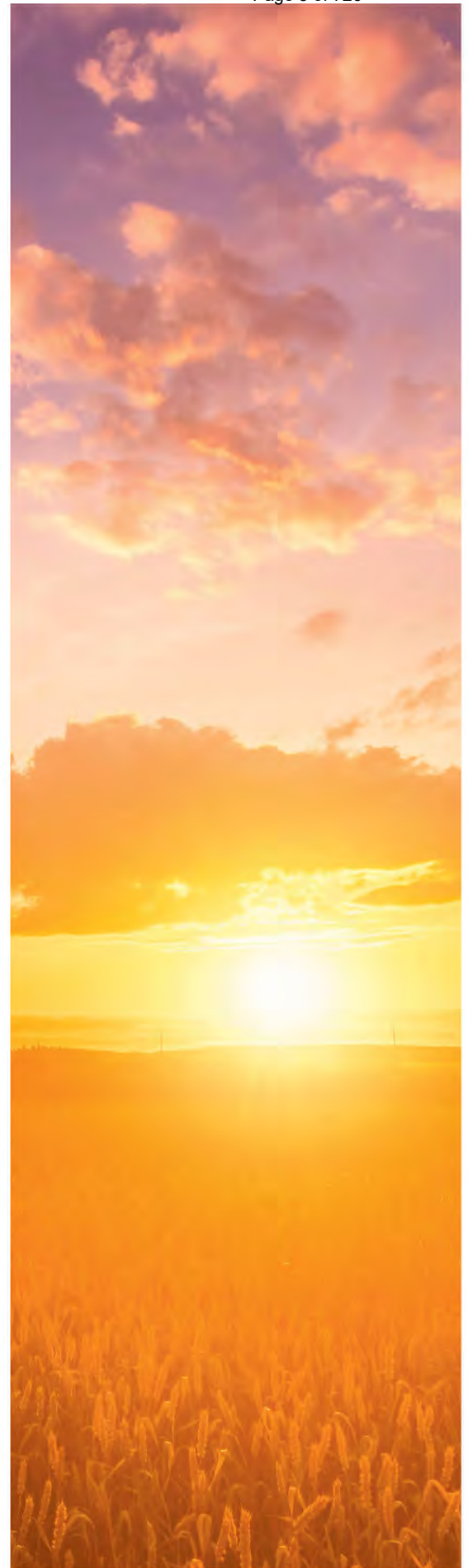
- Continued progress towards our goal of achieving net zero greenhouse gas emissions (GHG) from our operations by 2040 – also referred to as Scope 1 and Scope 2 emissions.
- Remain on track to retire our coal assets and have made substantial progress related to our generation investments that will benefit all stakeholders, as confirmed by our 2024 Integrated Resource Plan (IRP).
- Named to the 2024 Dow Jones Sustainability Indices (DJSI), marking the 11th consecutive year the company has earned the recognition.

These tremendous accomplishments were made possible by the tireless commitment of our approximately 7,700 employees to our customers and communities every day. I am incredibly proud of the NiSource team. Thank you for your continued confidence and for being part of this journey with us. I look forward to another year of strong execution, growth and value in 2025.

Sincerely,



THIS LETTER INCLUDES NON-GAAP MEASURES. RECONCILIATIONS TO THE MOST DIRECTLY COMPARABLE GAAP MEASURES ARE FOUND IMMEDIATELY FOLLOWING THIS LETTER IN SCHEDULE 1.



A MESSAGE FROM OUR CHAIRMAN

**KEVIN KABAT**

**A YEAR MARKED BY  
NUMEROUS ACHIEVEMENTS**

NiSource experienced one of the most successful years in the company's history in 2024. We served our customers exceptionally well by delivering safe and reliable energy at an affordable value. We continued to provide excellent value to our stakeholders through our regulated utility operations across six supportive jurisdictions, ensuring diversification across both fuel types and regulatory environments. Our year was marked by numerous achievements, highlighting our commitment to safety, operational excellence, customer satisfaction, sustainability, financial stewardship and innovation.

**A COMMITMENT TO SAFETY AND  
OPERATIONAL EXCELLENCE**

Our commitment to safely serving nearly four million natural gas and electric customers across our six-state footprint under our Columbia Gas and NIPSCO brands is unwavering. Safety is at the heart of everything we do. In 2024, our dedication to ensuring the wellbeing of our employees, contractors, customers and communities was evident in our top decile safety results. This achievement is a testament to our relentless pursuit of excellence and accountability.

One of the standout milestones of the year was equipping our drivers with safety technology through our field mobility and telematics program. By upgrading to state-of-the-art technologies, we've significantly enhanced the way we manage our fleet, ensuring our front-line team members are supported



with the tools they need to put safety above all else.

Our journey towards operational excellence involves continuously improving our processes.

In 2024, we made considerable progress on our Advanced Metering Infrastructure (AMI) system project to upgrade the way the company reads electric and natural gas meters throughout our NIPSCO service area. This project represents our commitment to leveraging advanced technology to enhance our services and provide greater efficiency to our customers.

We have also continued advancing our strategy of using technology to serve our customers more efficiently by implementing an upgraded work and asset management system. This system uses data and analytics through artificial intelligence to raise productivity and efficiency across the dispatch of our operations team, enabling us to better meet our customers' needs.

### **A TRUSTED CUSTOMER EXPERIENCE**

At NiSource, our passion for serving our customers drives us every day. We work every day to listen and anticipate their needs, earn their trust and deliver safe and reliable energy at a cost they value. In 2024, our dedication to customer satisfaction was recognized in the J.D. Power Gas Residential Customer Satisfaction Survey, where all NiSource operating companies outperformed the industry average and scored above their respective segment averages in terms of overall satisfaction. Columbia Gas of Virginia earned the top spot in the South Midsize segment and in the nation. This accolade reflects our team's unwavering commitment to excellence and customer care. We are also incredibly proud of NIPSCO, which received the highest ranking in electric utility business customer satisfaction among mid-sized utilities in the Midwest in J.D. Power's 2024 Electric Utility Business Customer Satisfaction Study. This recognition underscores our

ongoing efforts to provide exceptional service and meet the needs of our valued customers.

### **A SUSTAINABLE FUTURE**

We are committed to the outstanding execution of the essential work we do today for our customers, employees, the communities we serve, and our shareholders. We envision a future where we will be a premier, innovative and trusted energy partner, adapting to the evolving needs and preferences of our industry and customers.

With a clear goal in sight, we remain on track to retire coal assets and replace them primarily with renewables. We also received approval of the NIPSCO natural gas peaking resources, which will support system reliability, acting as a bridge for the generation gaps of more intermittent energy sources like wind and solar. And it has the added flexibility to convert from operating on natural gas to operating on zero carbon fuels in the future, such as hydrogen.

Our commitment to a sustainable future remains strong, as all our renewable wind and solar projects remain on target. In 2024, we announced the completion of Cavalry Solar, the third solar project in NIPSCO's generating mix, a crucial step in advancing our energy generation transition plan to provide sustainable, cost-effective and reliable energy now and into the future. We also received regulatory approval for full ownership of both our Gibson and Fairbanks Solar, converting four NIPSCO projects to full ownership, which will materially lower costs to customers.

### **A FAIR FINANCIAL RETURN**

In 2024, we made significant strides in advancing our key priorities of building a constructive regulatory foundation, highly executable financial commitments, upside and incremental investment opportunities, among numerous other achievements.

Additionally, we delivered full-year earnings that exceeded our 2024 guidance range and



extended our financial plan through 2029, with non-GAAP adjusted earnings per share growth expected to be 6-8% annually. The plan is driven by \$19.4 billion in expenditures and 8-10% annual rate base growth through 2029, showcasing our commitment to long-term growth and stability.

Our CEO, Lloyd Yates, and his exceptional leadership team continues to serve together to directly support our mission of delivering safe, reliable energy to our customers and driving shareholder value. These leaders, along with their teams, enhance employee experiences, uphold an ethical workplace, meet our legal obligations and help ensure we advance our strategic and operational objectives.

Furthermore, our experienced board of directors has provided invaluable strategic insights and governance. Their unwavering commitment to upholding the highest standards of corporate governance and their collective wisdom have been instrumental in guiding NiSource towards its key priorities and continued success.

On behalf of the Board of Directors, I would like to express our gratitude for your continued interest and support. Thanks to our dedicated team, NiSource delivered remarkable results in 2024, and we are well positioned to carry this momentum into 2025 and beyond.

A handwritten signature in black ink, appearing to read 'L. Yates'.

## BOARD OF DIRECTORS

**Kevin T. Kabat**

Chair of the Board, NiSource Inc., and Retired Vice Chair and CEO, Fifth Third Bancorp

**Peter A. Altabef**

Chair and CEO, Unisys Corporation\*

**Sondra L. Barbour**

Retired Executive Vice President, Information Systems & Global Solutions, Lockheed Martin Corporation

**Theodore H. Bunting, Jr.**

Retired Group President, Utility Operations, Entergy Corporation

**Eric L. Butler**

President and CEO, Aswani-Butler Investment Associates, and Retired Executive Vice President, Union Pacific Corporation

**Deborah A. Henretta**

Partner, Council Advisors and Retired Group President, Procter & Gamble Co.

**Deborah A. P. Hersman**

Retired Chair, National Transportation Safety Board

**Michael E. Jesanis**

Co-founder and Former Managing Director, HotZero, LLC, and Retired President and CEO, National Grid USA

**William D. Johnson**

Retired President and CEO, Pacific Gas and Electric

**Cassandra S. Lee**

Senior Vice President and Chief Financial Officer, AT&T Inc. Mobility and Consumer Wireline Segments

**John McAvoy**

Retired Chair, President and CEO, Consolidated Edison Inc., and Retired Chair and CEO, Consolidated Edison of New York, Inc.

**Lloyd M. Yates**

President and CEO, NiSource Inc.

## BOARD OF DIRECTORS DEMOGRAPHICS

**12 Total**

**67% Men, 33% Women**

**33% Race/Ethnicity**

## SENIOR MANAGEMENT TEAM

**Lloyd M. Yates**

President and Chief Executive Officer

**Shawn Anderson**

Executive Vice President and Chief Financial Officer

**Melanie Berman**

Executive Vice President, Administration and Chief Human Resources Officer

**Melody Birmingham**

Executive Vice President and Group President, Utilities

**Kimberly S. Cuccia**

Executive Vice President, General Counsel and Corporate Secretary

**William (Bill) Jefferson**

Executive Vice President, Chief Operating and Safety Officer

**Michael Luhrs**

Executive Vice President, Technology, Customer and Chief Commercial Officer

## SENIOR MANAGEMENT TEAM DEMOGRAPHICS

**7 Total**

**57% Men, 43% Women**

**43% Race/Ethnicity**

## SCHEDULE 1

Reconciliation of Consolidated Net Income Available to Common Shareholders to Adjusted Net Income Available to Common Shareholders (Non-GAAP) (Unaudited)

|                                                                              | Twelve Months Ended December 31, |                 |
|------------------------------------------------------------------------------|----------------------------------|-----------------|
|                                                                              | 2024                             | 2023            |
| <i>(in millions, except per share amounts)</i>                               |                                  |                 |
| <b>GAAP Net Income Available to Common Shareholders</b>                      | <b>\$ 739.7</b>                  | <b>\$ 661.7</b> |
| <b>Adjustments to Operating Income:</b>                                      |                                  |                 |
| <b>Operating Revenues:</b>                                                   |                                  |                 |
| Weather - compared to normal <sup>(1)</sup>                                  | 60.4                             | 60.6            |
| <b>Total adjustments to operating income</b>                                 | <b>60.4</b>                      | <b>60.6</b>     |
| <b>Other Income (Deductions):</b>                                            |                                  |                 |
| <b>Income Taxes:</b>                                                         |                                  |                 |
| Tax effect of above items <sup>(2)</sup>                                     | (15.5)                           | (15.8)          |
| <b>Preferred Dividends:</b>                                                  |                                  |                 |
| Preferred dividends redemption premium <sup>(3)</sup>                        | 14.0                             | 9.8             |
| <b>Total adjustments to net income</b>                                       | <b>58.9</b>                      | <b>54.6</b>     |
| <b>Adjusted Net Income Available to Common Shareholders</b>                  | <b>\$ 798.6</b>                  | <b>\$ 716.3</b> |
| <b>Diluted Average Common Shares</b>                                         | <b>456.0</b>                     | <b>447.9</b>    |
| <b>GAAP Diluted Earnings Per Share<sup>(4)</sup></b>                         | <b>\$ 1.62</b>                   | <b>\$ 1.48</b>  |
| <b>% Growth in Diluted Earnings Per Share from Prior Year<sup>(5)</sup></b>  | <b>9.5%</b>                      |                 |
| <b>Adjustments to diluted earnings per share</b>                             | <b>0.13</b>                      | <b>0.12</b>     |
| <b>Adjusted Earnings Per Share</b>                                           | <b>\$ 1.75</b>                   | <b>\$ 1.60</b>  |
| <b>% Growth in Adjusted Earnings Per Share from Prior Year<sup>(6)</sup></b> | <b>9.4%</b>                      |                 |

<sup>(1)</sup> Represents the variance between actual and normal weather. Beginning in 2024, the adjustment for NIPSCO Operations excludes the impact of non-controlling interest.

<sup>(2)</sup> Represents income tax expense calculated using the statutory tax rates for legal entity.

<sup>(3)</sup> Represents the difference between the carrying value on the redemption date of the Series B Preferred Stock and the total amount of consideration paid to redeem, net of the fair value of common shares issued during 2024.

<sup>(4)</sup> GAAP Diluted Earnings Per Share includes the effects of income allocated to participating securities and adds back the dilutive effect of Equity Units in the prior year. Please refer to Note 5, "Earnings Per Share," within the Company's Annual Report on Form 10-K for the period ended December 31, 2024.

<sup>(5)</sup> % growth taken from change in diluted earnings per share over prior year divided by prior year diluted earnings per share.

<sup>(6)</sup> % growth taken from change in adjusted earnings per share over prior year divided by prior year adjusted earnings per share.

Reconciliation of Net Cash Flows from Operating Activities to FFO to Debt (Adjusted) (Non-GAAP) (Unaudited)

## ANNUAL FFO/DEBT RECONCILIATION (\$ IN MILLIONS)

|                                                 | 2024          |
|-------------------------------------------------|---------------|
| <i>(\$ in millions)</i>                         |               |
| <b>Net Cash Flows from Operating Activities</b> | <b>1,782</b>  |
| - Accounts receivable                           | (102)         |
| - Gas storage and other inventories             | 102           |
| - Accounts payable                              | 72            |
| - Exchange gas receivable/payable               | (134)         |
| - Other accruals                                | 10            |
| - Prepayments and other current assets          | (76)          |
| - Other adjustments                             | (34)          |
| <b>Funds from Operations (Adjusted)</b>         | <b>1,944</b>  |
| <b>Long-term debt</b>                           | <b>12,075</b> |
| + Current portion of long-term debt             | 1,281         |
| + Short-term borrowings                         | 605           |
| + Other adjustments                             | (657)         |
| <b>Total Adjusted Debt</b>                      | <b>13,304</b> |
| <b>FFO to Debt (Adjusted)</b>                   | <b>14.6%</b>  |



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

FORM 10-K

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-16189

**NiSource Inc.**

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of  
incorporation or organization)

801 East 86th Avenue

Merrillville, IN

(Address of principal executive offices)

35-2108964

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

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

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

| Title of Each Class                      | Trading<br>Symbol(s) | Name of Each Exchange on<br>Which Registered |
|------------------------------------------|----------------------|----------------------------------------------|
| Common Stock, par value \$0.01 per share | NI                   | NYSE                                         |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated Filer ☐ Emerging Growth Company ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrants included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock, par value \$0.01 per share (the "Common Stock") held by non-affiliates was approximately \$13,022,151,904 based upon the June 30, 2024, closing price of \$28.81 on the New York Stock Exchange.

There were 469,939,639 shares of Common Stock outstanding as of February 5, 2025.

**Documents Incorporated by Reference**

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 12, 2025.



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## DEFINED TERMS

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

### **NiSource Subsidiaries and Affiliates (not exhaustive)**

|                                      |                                                                                                          |
|--------------------------------------|----------------------------------------------------------------------------------------------------------|
| Columbia of Kentucky .....           | Columbia Gas of Kentucky, Inc.                                                                           |
| Columbia of Maryland .....           | Columbia Gas of Maryland, Inc.                                                                           |
| 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                                                              |
| NIPSCO Holdings I .....              | NIPSCO Holdings I LLC                                                                                    |
| NIPSCO Holdings II .....             | NIPSCO Holdings II LLC                                                                                   |
| NIPSCO Generation .....              | NIPSCO Generation LLC                                                                                    |
| NiSource ("we," "us" or "our") ..... | NiSource Inc.                                                                                            |
| Rosewater .....                      | Rosewater Wind Generation LLC and its wholly owned subsidiary, Rosewater Wind Farm LLC                   |
| Indiana Crossroads Solar .....       | Indiana Crossroads Solar Generation LLC and its wholly owned subsidiary, Meadow Lake Solar Park LLC      |
| Indiana Crossroads Wind .....        | Indiana Crossroads Wind Generation LLC and its wholly owned subsidiary, Indiana Crossroads Wind Farm LLC |
| Dunns Bridge I .....                 | Dunns Bridge I Solar Generation LLC and its wholly owned subsidiary, Dunns Bridge Solar Center LLC       |
| Dunns Bridge II .....                | Dunns Bridge II Solar Generation LLC                                                                     |
| Gibson .....                         | Gibson Solar Generation LLC                                                                              |
| Fairbanks .....                      | Fairbanks Solar Generation LLC                                                                           |
| Cavalry .....                        | Cavalry Solar Generation LLC                                                                             |

### **Abbreviations and Other**

|                                 |                                                                                                      |
|---------------------------------|------------------------------------------------------------------------------------------------------|
| 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                                                                                        |
| BIP .....                       | BIP Blue Buyer L.L.C                                                                                 |
| BIP Blue Buyer VCOC L.L.C ..... | BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone |
| Blackstone .....                | Blackstone Infrastructure Partners L.P.                                                              |
| BTA .....                       | Build-transfer agreement                                                                             |
| CCGT .....                      | Combined Cycle Gas Turbine                                                                           |
| CCRs .....                      | Coal Combustion Residuals                                                                            |
| CEO .....                       | Chief Executive Officer                                                                              |
| CEP .....                       | Capital Expenditure Program                                                                          |
| CERCLA .....                    | Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)        |
| CFO .....                       | Chief Financial Officer                                                                              |
| CISA .....                      | Certified Information Systems Auditor                                                                |
| CISO .....                      | Chief Information Security Officer                                                                   |
| CISSP .....                     | Certified Information Systems Security Professional                                                  |
| CODM .....                      | Chief Operating Decision Maker                                                                       |

# DEFINED TERMS

|                                            |                                                                                                                                                                                                                                                                                             |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Columbia Operations .....                  | Reportable segment comprised of the results of NiSource Gas Distribution company, including all of its Columbia Gas distribution companies and related subsidiaries                                                                                                                         |
| Corporate Units .....                      | Series A Corporate Units                                                                                                                                                                                                                                                                    |
| CPCN .....                                 | Certificate of Public Convenience and Necessity                                                                                                                                                                                                                                             |
| CRISC .....                                | Certified in Risk and Information Systems Control                                                                                                                                                                                                                                           |
| DSIC .....                                 | Distribution System Improvement Charge                                                                                                                                                                                                                                                      |
| DSM .....                                  | Demand Side Management                                                                                                                                                                                                                                                                      |
| EPA .....                                  | United States Environmental Protection Agency                                                                                                                                                                                                                                               |
| EPS .....                                  | Earnings per share                                                                                                                                                                                                                                                                          |
| Equity Units .....                         | Series A Equity Units                                                                                                                                                                                                                                                                       |
| 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                                                                                                                                                                                                                                                                         |
| GCT .....                                  | Generation Cost Tracker                                                                                                                                                                                                                                                                     |
| GHG .....                                  | Greenhouse gases                                                                                                                                                                                                                                                                            |
| GWh .....                                  | Gigawatt hours                                                                                                                                                                                                                                                                              |
| HLBV .....                                 | Hypothetical Liquidation at Book Value                                                                                                                                                                                                                                                      |
| IIJA .....                                 | Infrastructure Investment and Jobs Act                                                                                                                                                                                                                                                      |
| IRA .....                                  | Inflation Reduction Act                                                                                                                                                                                                                                                                     |
| IRP .....                                  | Infrastructure Replacement Program                                                                                                                                                                                                                                                          |
| IRS .....                                  | Internal Revenue Service                                                                                                                                                                                                                                                                    |
| IURC .....                                 | Indiana Utility Regulatory Commission                                                                                                                                                                                                                                                       |
| JV .....                                   | Joint Venture                                                                                                                                                                                                                                                                               |
| LDCs .....                                 | Local distribution companies                                                                                                                                                                                                                                                                |
| LIFO .....                                 | Last-in, first-out                                                                                                                                                                                                                                                                          |
| LIHEAP .....                               | Low Income Heating Energy Assistance Programs                                                                                                                                                                                                                                               |
| 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                                                                                                                                                                                                                                                                              |
| NERC CIP .....                             | North American Electric Reliability Corporation Critical Infrastructure Protection                                                                                                                                                                                                          |
| NIPSCO Electric .....                      | The electric generation and transmission activities of the NIPSCO Operations reportable segment                                                                                                                                                                                             |
| NIPSCO Gas .....                           | The gas distribution activities of the NIPSCO Operations reportable segment                                                                                                                                                                                                                 |
| NIPSCO Minority Interest Transaction ..... | A transaction between NiSource, NIPSCO Holdings II (sole owner of NIPSCO) and an affiliate of Blackstone pursuant to a purchase and sale agreement entered into on June 17, 2023, that offered equity interests in NIPSCO Holdings II in exchange for capital contributions by the parties. |

## DEFINED TERMS

|                             |                                                                                                                                                                                        |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NIPSCO Operations .....     | Reportable segment comprised of the results of NIPSCO Holdings I, NIPSCO Holdings II, and NIPSCO and all related subsidiaries                                                          |
| NYMEX .....                 | The New York Mercantile Exchange                                                                                                                                                       |
| OPEB .....                  | Other Postretirement and Postemployment Benefits                                                                                                                                       |
| OT .....                    | Operational Technology                                                                                                                                                                 |
| PCB .....                   | Polychlorinated biphenyls                                                                                                                                                              |
| PHMSA .....                 | Pipeline and Hazardous Materials Safety Administration                                                                                                                                 |
| PPA .....                   | Power Purchase Agreement                                                                                                                                                               |
| PSC .....                   | Public Service Commission                                                                                                                                                              |
| PUCO .....                  | Public Utilities Commission of Ohio                                                                                                                                                    |
| ROE .....                   | Return on Equity                                                                                                                                                                       |
| RNG .....                   | Renewable Natural Gas                                                                                                                                                                  |
| ROU .....                   | Right of Use                                                                                                                                                                           |
| SAVE .....                  | Steps to Advance Virginia's Energy Plan                                                                                                                                                |
| Scope 1 GHG Emissions ..... | Direct emissions from sources owned or controlled by us (e.g., emissions from our combustion of fuel, vehicles, and process emissions and fugitive emissions)                          |
| Scope 2 GHG Emissions ..... | Indirect emissions from sources owned or controlled by us                                                                                                                              |
| SEC .....                   | Securities and Exchange Commission                                                                                                                                                     |
| SMRP .....                  | Safety Modification and Replacement Program                                                                                                                                            |
| SMS .....                   | Safety Management System                                                                                                                                                               |
| STRIDE .....                | Strategic Infrastructure Development and 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                                                                                                                       |
| TSA .....                   | Transportation Security Administration                                                                                                                                                 |
| VIE .....                   | Variable Interest Entity                                                                                                                                                               |
| WAM .....                   | Work and Asset Management enterprise resourcing system                                                                                                                                 |

### ***Note regarding forward-looking statements***

This Annual Report on Form 10-K contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. 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 Annual Report on Form 10-K include, among other things:

- our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities, such as data center development and related generation sources and transmission capabilities to meet potential load growth;
- our ability to manage data center growth in our service territories;

- potential incidents and other operating risks associated with our business;
- our ability to work successfully with our third-party investors;
- our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in laws and regulations;
- our increased dependency on 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 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 demand;
- our ability to attract, retain or re-skill a qualified, diverse workforce and maintain good labor relations;
- our ability to manage new initiatives and organizational changes;
- the performance and quality of third-party suppliers and service providers;
- our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal (as defined below), including any future associated impact from business opportunities such as data center development as those opportunities evolve;
- potential cybersecurity attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- the actions of activist stockholders;
- any damage to our reputation;
- the impacts of natural disasters, potential terrorist attacks or other catastrophic events;
- the physical impacts of climate change and the transition to a lower carbon future;
- our debt obligations;
- any changes to our credit rating or the credit rating of certain of our subsidiaries;
- adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment;
- economic regulation and the impact of regulatory rate reviews;
- our ability to obtain expected financial or regulatory outcomes;
- 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;
- the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation;
- compliance with changes in, or new interpretations of applicable laws, regulations and tariffs;
- the cost of compliance with environmental laws and regulations and the costs of associated liabilities;
- changes in tax laws or the interpretation thereof;
- and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, some of which risks are beyond our control.

In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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

## **PART I**

### **ITEM 1. BUSINESS**

#### **NiSource Inc.**

##### **Business**

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose primary subsidiaries are fully regulated natural gas and electric utility companies, serving approximately 3.8 million customers in six states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999.

NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia), and NIPSCO Holdings I (a holding company that owns a controlling interest in NIPSCO, a gas and electric utility). NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

##### **Business Strategy**

Our business strategy focuses on providing safe and reliable service through our core, rate-regulated, asset-based utilities, with the goal of adding value to all of our stakeholders. Our utilities continue to advance our core safety, infrastructure and environmental investment programs, supported by complementary regulatory and customer initiatives across the six states in which we operate. Our goal is to develop strategies that (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns.

We remain committed to the advancement of our SMS for the safety of our customers, communities and employees. Our SMS is the established operating model within NiSource. NiSource continues to maintain its certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our SMS. In 2024, NiSource was recognized with the ISO 55001 certification from LRQA, one of the world's leading providers of professional engineering and technology services. Achieving this international certification for asset management systems recognizes NiSource's commitment to safety for our people, systems and customers. These certifications are important milestones for our SMS and NiSource's ongoing journey towards operational excellence.

NiSource has two reportable segments: Columbia Operations and NIPSCO Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, consist of our centralized corporate activities and are primarily comprised of interest expense on holding company debt and unallocated corporate costs and activities. The following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for additional information related to each segment.

##### **Columbia Operations**

Columbia Operations provides natural gas to approximately 2.4 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. We operate approximately 37,200 miles of distribution main pipeline plus the associated individual customer service lines and 330 miles of transmission main pipeline located in our service areas described above. Throughout our service areas we also have gate stations and other operations support facilities. See below for information on our owned operating facilities. There were no significant disruptions to our system or facilities during 2024.

| <b>Facility Name</b>                         | <b>Location</b>  | <b>Type</b>     | <b>Storage Capacity<br/>(MCF)</b> |
|----------------------------------------------|------------------|-----------------|-----------------------------------|
| Blackhawk Underground Storage <sup>(1)</sup> | Beaver Falls, PA | Natural Gas     | 1,700,000                         |
| Eagle Cove Propane                           | Petersburgh, VA  | Propane Gas     | 863                               |
| South Wales Propane                          | Jeffersonton, VA | Propane Gas     | 863                               |
| Portsmouth Propane-Air                       | Portsmouth, VA   | Propane-Air Gas | 17,300                            |
| <b>Total Capacity</b>                        |                  |                 | <b>1,719,026</b>                  |

<sup>(1)</sup>NiSource has entered into an agreement to sell this facility, subject to approval by the Pennsylvania Public Utility Commission.



## ITEM 1. BUSINESS

### **NISOURCE INC.**

**Competition.** Due to open access and the deregulation of natural gas supplies, our LDC customers can purchase gas directly from producers and marketers in an open, competitive market. Certain of our subsidiaries are involved in programs that provide our residential and commercial customers the opportunity to purchase their natural gas requirements from third parties and use our subsidiaries for transportation services. As of December 31, 2024, 33.9% of our residential customers and 41.2% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our service areas, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the energy markets in which we operate due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Columbia Operations," for additional information.

### **NIPSCO Operations**

#### NIPSCO Gas

NIPSCO Gas distributes natural gas to approximately 0.9 million customers in northern Indiana. We operate approximately 17,900 miles of distribution main pipeline plus the associated individual customer service lines and 690 miles of transmission main pipeline located in our northern Indiana service areas. Throughout northern Indiana, we also have gate stations and other operations support facilities. See below for information on our owned operating facilities. There were no significant disruptions to our system or facilities during 2024.

| <b>Facility Name</b>             | <b>Location</b>     | <b>Type</b>           | <b>Storage Capacity (MCF)</b> |
|----------------------------------|---------------------|-----------------------|-------------------------------|
| Royal Center Underground Storage | Royal Center, IN    | Natural Gas           | 7,240,000                     |
| Rolling Prairie LNG              | Rolling Prairie, IN | Liquified Natural Gas | 4,000,000                     |
| <b>Total Capacities</b>          |                     |                       | <b>11,240,000</b>             |

**Competition.** Similar to the Columbia Operations segment, NIPSCO Gas also operates in an open and competitive market which allows retail customers to purchase gas directly from producers and marketers. As of December 31, 2024, 6.7% of our residential customers and 17.6% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our northern Indiana service area, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

## ITEM 1. BUSINESS

### NISOURCE INC.

#### NIPSCO Electric

We generate, transmit and distribute electricity to approximately 0.5 million customers in 20 counties in the northern part of Indiana and also engage in wholesale electric and transmission transactions. Our transmission system, has voltages from 69,000 to 765,000 volts, and consists of approximately 3,000 circuit miles. We are interconnected with eight neighboring electric utilities. We operate 66 transmission and 250 distribution substations, and own approximately 311,300 poles. We own and operate generation assets as well as source power through PPAs. We continue to transition our generation portfolio from coal-fired generation to lower-emission sources. We currently have six owned renewable generation facilities in service: Rosewater, Indiana Crossroads Wind, Indiana Crossroads Solar, Dunns Bridge I Solar, Cavalry Solar and Storage and Dunns Bridge II Solar and Storage. Cavalry Solar and Storage went into service May 2024 and Dunns Bridge II Solar and Storage went into service in January 2025. As of December 31, 2024, we have multiple PPAs that provide 600 MW of capacity, with contracts expiring between 2038 and 2040. We also operate two hydro electric generation facilities, a CCGT, and two coal generation facilities. The R.M. Schahfer coal facility is scheduled to be retired by the end of 2025 and the Michigan City coal facility is scheduled to be retired by the end of 2028. Our generating facilities had no material unplanned interruptions during 2024. See below for information on our owned generating facilities:

| Facility Name                            | Location             | Fuel Type         | Generating Capacity (MW) <sup>(1)</sup> |
|------------------------------------------|----------------------|-------------------|-----------------------------------------|
| R.M. Schahfer                            | Wheatfield, IN       | Steam - Coal      | 722                                     |
| Michigan City                            | Michigan City, IN    | Steam - Coal      | 455                                     |
| Sugar Creek <sup>(2)</sup>               | West Terre Haute, IN | CCGT              | 578                                     |
| R.M. Schahfer                            | Wheatfield, IN       | Natural Gas       | 155                                     |
| Oakdale                                  | Carroll County, IN   | Hydro             | 9                                       |
| Norway                                   | White County, IN     | Hydro             | 7                                       |
| Rosewater <sup>(3)</sup>                 | White County, IN     | Wind              | 102                                     |
| Indiana Crossroads Wind <sup>(3)</sup>   | White County, IN     | Wind              | 302                                     |
| Dunns Bridge I <sup>(3)</sup>            | Jasper County, IN    | Solar             | 265                                     |
| Indiana Crossroads Solar <sup>(3)</sup>  | White County, IN     | Solar             | 200                                     |
| Cavalry Solar and Storage <sup>(4)</sup> | White County, IN     | Solar and Storage | 200                                     |
| Dunns Bridge II <sup>(4)</sup>           | Jasper County, IN    | Solar and Storage | 435                                     |
| Total MW Capacity                        |                      |                   | 3,430                                   |

<sup>(1)</sup>Represents current net generating capability of each fossil fuel and hydro generating facility. Nameplate capacity is listed for wind and solar generating facilities.

<sup>(2)</sup>Represents capacity as of December 31, 2024. Sugar Creek is expected to further increase capacity pending MISO approval in 2025.

<sup>(3)</sup>NIPSCO is the managing partner of these JVs. Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

<sup>(4)</sup>Cavalry Solar and Storage has installed battery storage capacity of 45MW over a four-hour duration. Dunns Bridge has installed battery storage capacity of 56MW over a four-hour duration.

NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC in December 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporated factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements. In addition, if significant new data center load is contracted, the 2024 Plan calls for additional gas-fired resources to support that additional capacity. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these plans.

## ITEM 1. BUSINESS

### NISOURCE INC.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, Financial Transmission Rights and ancillary markets. NIPSCO has transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff. NIPSCO generating units are dispatched by MISO which takes into account economics, reliability of the MISO system and unit availability. During the year ended December 31, 2024, NIPSCO generating units, inclusive of its owned renewable generation facilities, were dispatched to meet 55.4% of its overall system load, and the remainder of the overall system load was procured through PPAs and the MISO market.

**Competition.** Our NIPSCO Electric utility generally has exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Our NIPSCO Operations are subject to seasonal fluctuations in sales. Revenues from electric operations are more significant during the cooling season, which is primarily from June through September. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

### Regulatory

The regulatory landscape, at both the state and federal levels, continues to evolve, impacting the operations and financial results of our operating companies. Management continually seeks new ways to be more competitive and efficient in this environment, while keeping service and affordability for customers at the forefront. We believe we are, in all material respects, in compliance with such laws and regulations and do not expect future compliance requirements to have a material impact on our capital expenditures, earnings, or competitive position. While we continue to monitor existing and pending laws and regulations, the impact of regulatory changes cannot be predicted with certainty.

**Rate Case Actions.** The following table describes current rate case actions as applicable in each of our jurisdictions. See "Cost Recovery and Trackers" below for further detail on trackers.

(in millions)

| Company                                 | Approved ROE   | Requested Incremental Revenue | Approved Incremental Revenue | Filing Date        | Rates Effective |
|-----------------------------------------|----------------|-------------------------------|------------------------------|--------------------|-----------------|
| <b>Approved Rates Cases</b>             |                |                               |                              |                    |                 |
| Columbia of Pennsylvania <sup>(1)</sup> | None specified | \$ 124.1                      | \$ 74.0                      | March 15, 2024     | December 2024   |
| Columbia of Maryland <sup>(1)</sup>     | None specified | \$ 6.5                        | \$ 3.9                       | May 12, 2023       | December 2023   |
| Columbia of Kentucky                    | 9.75 %         | \$ 23.8                       | \$ 14.3                      | May 16, 2024       | January 2025    |
| Columbia of Virginia <sup>(2)</sup>     | None specified | \$ 40.5                       | \$ 25.8                      | April 29, 2022     | October 2022    |
| Columbia of Ohio                        | 9.60 %         | \$ 221.4                      | \$ 68.3                      | June 30, 2021      | March 2023      |
| NIPSCO - Gas <sup>(3)</sup>             | 9.75 %         | \$ 161.9                      | \$ 120.9                     | October 25, 2023   | August 2024     |
| NIPSCO - Electric <sup>(4)</sup>        | 9.80 %         | \$ 291.8                      | \$ 261.9                     | September 19, 2022 | August 2023     |
| <b>Pending Rate Cases</b>               |                |                               |                              |                    |                 |
| NIPSCO - Electric <sup>(5)</sup>        | In process     | \$ 368.7                      | In process                   | September 12, 2024 | September 2025  |
| Columbia of Virginia <sup>(6)</sup>     | In process     | \$ 37.2                       | In process                   | April 29, 2024     | October 2024    |
| Columbia of Maryland                    | In process     | \$ 10.7                       | In process                   | September 24, 2024 | April 2025      |

<sup>(1)</sup>No approved ROE is identified for this matter since the approved revenue increase is the result of a black box settlement under which parties agree upon the amount of increase.

<sup>(2)</sup>The approved rate case resulted in a black box settlement, representing a settlement to a specific revenue increase but not a specified ROE. The settlement provides use of a 9.70% ROE for future SAVE filings.

<sup>(3)</sup>New rates were implemented in 2 steps, with implementation of Step 1 rates effective in August 2024 and Step 2 rates to be effective no later than March 2025.

<sup>(4)</sup>New rates were implemented in 2 steps, with implementation of Step 1 rates in August 2023 and Step 2 rates effective in March 2024.

<sup>(5)</sup>On February 7, 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC reflecting an annual revenue increase of \$257.0 million. New rates proposed to be implemented in 2 steps, with implementation of Step 1 rates effective no later than September 2025 and Step 2 rates to be effective no later than March 2026.

<sup>(6)</sup>Rates are effective on an as filed basis and subject to refund. Columbia of Virginia and certain intervening parties, filed a Joint Stipulation and Proposed Recommendation for settlement on December 5, 2024, for an annual revenue increase of \$28.2 million, net of SAVE.

## ITEM 1. BUSINESS

### **NiSOURCE INC.**

**FERC.** Our service company and operating companies are subject to varying degrees of regulation by the FERC. NiSource Corporate Services files a FERC Form 60 annual report with its financial information as a FERC jurisdictional centralized service company. NiSource also files an annual FERC Form 61 which contains a narrative description of the service company's functions during the prior calendar year.

As natural gas LDCs, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and NIPSCO have limited jurisdictional certificates to transport gas in their respective service territories and into interstate commerce.

As an electric company, NIPSCO has Market Based Rate authority and is a Transmission Owner subject to FERC jurisdiction. NIPSCO files the following reports annually:

- FERC Form 1, which is a comprehensive financial and operating report,
- FERC Form 566, which is a list of its 20 largest purchases of electricity over the past three years,
- FERC Form 715, which is its Annual Transmission Planning and Evaluation Report and the base case power flow data from the Eastern Interconnection Reliability Assessment Group Multiregional Modeling Working Group, which was used by NIPSCO for transmission planning and,
- FERC Form 730, which is NIPSCO's Report of Transmission Investment Activity.

As a Transmission Owner subject to the MISO Transmission Owners Agreement and Tariff, NIPSCO has various FERC jurisdictional obligations such as maintaining its Attachment O formula rates and corresponding protocols. NIPSCO also has FERC approvals to make affiliate transactions between itself and various JVs. NIPSCO's officers, on the electric side, are also subject to FERC's interlocking directorate rules and reporting requirements.

**Regulatory Framework.** The gas distribution activities of our Columbia and NIPSCO Operations have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include (i) gas supply cost incentive mechanisms for service to their core markets, and (ii) the sale of on-system services in the companies' service territories. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the gas distribution operations utility's system. The incentive mechanisms give the gas distribution operations utilities an opportunity to share in the savings created from such situations as gas purchases made below an agreed upon benchmark price and the remarketing of unused pipeline capacity to reduce overall pipeline costs.

We recognize that energy efficiency reduces emissions, conserves natural resources and saves our customers money. Our gas distribution companies offer programs such as energy efficiency upgrades, home checkups and weatherization services. The increased efficiency of natural gas appliances and improvements in home building codes and standards contribute to a long-term trend of declining average use per customer. While we are looking to expand offerings so the energy efficiency programs can benefit as many customers as possible, our gas distribution operations utilities have pursued changes in rate design to more effectively match recoveries with costs incurred. Columbia of Ohio has adopted a straight fixed variable rate design for residential and small commercial customers 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. 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. NIPSCO Gas and Electric include a fixed customer charge for residential and small commercial and industrial customer classes. NIPSCO Gas has also received approval and implemented a weather normalization adjustment for certain of its customer classes.

While increased efficiency of electric appliances and improvements in home building codes and standards have similarly impacted the average use per electric customer in recent years, NIPSCO expects future growth in per customer usage as a result of increasing electric applications, such as electric vehicles. These ongoing changes in use of electricity will likely lead to development of innovative rate designs, and NIPSCO will continue efforts to design rates that increase the certainty of recovery of fixed costs.

## ITEM 1. BUSINESS

### **NiSOURCE INC.**

**Cost Recovery and Trackers.** Comparability of our operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs. 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 NIPSCO Operations' and Columbia Operations' gas distribution revenue is related to the recovery of gas costs through GCA's, the review 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 confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the NIPSCO 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.

### **Political Action**

The NiSource Political Action Committee ("NiPAC") provides our employees a voice in the political process. NiPAC is a voluntary, employee driven and funded political action committee, and NiPAC makes bipartisan political contributions to local, state and federal candidates where permitted and in accordance with established guidelines. Consistent with our commitments and our approach to engagement, the NiPAC leadership committee members evaluate candidates for support on issues important to our business.

### **Environmental and Safety Matters**

#### PHMSA Legislation and Regulations

To fulfill our vision of being a trusted energy provider, we follow safety practices required by regulations and we implement our Safety Management System ("SMS"). SMS serves as the framework to identify and reduce risks and ensure consistent safety processes, procedures and operations across the organization.

As directed by law in the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2020, PHMSA has revised, and continues to revise, the pipeline safety regulations focused on public safety and environmental hazard mitigation. Specific areas of focus for upcoming rulemaking include leak detection and repair criteria (the "LDAR" rule) and regulations that require operators to upgrade their existing low-pressure regulating stations with enhanced safeguards and update distribution integrity management plans, emergency response plans, and operation and maintenance plans (the Safety of Gas Distribution Pipelines, or "SGDP" rule).

In May 2023, PHMSA proposed regulatory revisions under the PIPES Act of 2020 to minimize methane emissions and improve public safety. Under the proposed revisions, our subsidiaries would be required to detect and repair an increased number of gas leaks, reduce the time to repair leaks, increase leak survey, and expand our existing advanced leak detection program. In January 2025, PHMSA submitted a final LDAR rule to the Federal Register and is currently suspended.

In September 2023, PHMSA proposed additional regulatory revisions under the PIPES Act of 2020 to enhance distribution system safety through equipment and procedural expectations in the form of the SGDP rule. Operators will be required to incorporate additional protections for low pressure distribution systems that prevent over-pressurization, amend construction procedures designed to minimize the risk of incidents caused by system over-pressurization, and update distribution integrity management programs to cover and prepare for over-pressurization incidents. PHMSA did not progress the SGDP rulemaking in 2024.

We continue to evaluate and monitor PHMSA legislation and regulations but cannot predict the impact of changing pipeline safety regulations on our business at this time.

#### Climate Change Issues

**Physical Climate Risks.** Increased frequency of severe and extreme weather events associated with climate change could materially impact our facilities, energy sales, and results of operations. We are unable to predict these events. However, we perform assessments of physical risk, including physical climate risk, to our business. More extreme and volatile temperatures, increased storm intensity and flooding, and more volatile precipitation leading to changes in lake and river levels are among the weather events that are most likely to impact our business. Efforts to mitigate these physical risks continue to be implemented.

## ITEM 1. BUSINESS

### **NISOURCE INC.**

***Transition Climate Risks and Opportunities.*** We actively engage with and monitor the impact that proposed legislative and regulatory programs related to GHG emissions would have on our business. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

Regarding federal policies, we continue to monitor the status of climate change-related legislation and regulation, including the IIJA, IRA, and EPA's Waste Emissions Charge for Petroleum and Natural Gas systems. We have identified and pursued potential opportunities associated with the IIJA and the IRA that align with our strategy. These opportunities include tax incentives for renewable generation and storage projects, tax credit transferability and grant funding for grid resiliency, hydrogen hubs and leak detection. The new federal administration has signaled through executive actions a desire to roll-back several climate-related policies including funding for IIJA and IRA programs. We continue to evaluate and monitor how these changes will impact our business.

In May 2024, the EPA published final greenhouse gas standards and guidelines for fossil fuel-fired power plants. The rules are not expected to impact NIPSCO's existing electric generation, but, depending on the outcome of ongoing litigation and potential future changes to the rules, may impose certain operational limitations on other existing and new electric generation. Through the 2024 NIPSCO IRP process, we assessed that cost to electric customers would be approximately \$675 million greater due to these rules.

We also continue to monitor evolving state policies related to GHG emissions. The Climate Solutions Now Act of 2022 requires Maryland to reduce GHG emissions by 60% by 2031 (from 2006 levels), and it requires the state to reach net zero emissions by 2045. The Maryland Department of the Environment ("MDE") adopted a plan to achieve its 2031 goal and is required to adopt a plan for their 2045 net zero goal by 2030. The Act also enacts a state policy to move to broader electrification of both existing buildings and new construction. In December 2024, the Maryland Department of the Environment issued updated final Building Energy Performance Standards, which would require net zero direct greenhouse gas emissions from large buildings by 2040 with interim targets, or payments of an alternative compliance fee. Columbia of Maryland is advocating for compliance pathways that use RNG, hydrogen, new technologies and emissions offsets. Under an executive order, Maryland is also developing a Clean Heat Standard and a Zero-Emission Heating Equipment Standard that are intended to transition gas appliances to electric heat pumps. Separately, the PSC has also initiated a proceeding related to Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies. Columbia of Maryland cannot predict the final impact of these policies on our business at this time.

***Net Zero Goal.*** In November 2022, we announced a goal of net zero greenhouse gas emissions by 2040, covering both Scope 1 and Scope 2 GHG emissions ("Net Zero Goal"). Our Net Zero Goal builds on greenhouse gas emission reductions achieved to-date. We plan to achieve our Net Zero Goal primarily through the continuation and enhancement of existing programs, such as retiring and replacing coal-fired electric generation with low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak-detection technologies. In addition, we plan to advance other low- or zero-emission energy resources and technologies, which may include hydrogen, renewable natural gas, long-duration storage, and/or deployment of carbon capture and utilization technologies, if and when these become technologically and economically feasible. Carbon offsets and renewable energy credits may also be used to support achievement of our Net Zero Goal. As of the end of 2023, we had reduced Scope 1 GHG emissions by approximately 72% from 2005 levels.

Our greenhouse gas emissions projections, including achieving a Net Zero Goal, are subject to various assumptions that involve risks and uncertainties, and did not include any assumptions related to data center development and associated load growth. We remain committed to our Net Zero Goal, however, certain of our interim goals may evolve as we assess and respond to business opportunities such as data centers. Achievement of our Net Zero Goal by 2040 will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, as well as execution of our business plan. Otherwise, our actual results or ability to achieve our Net Zero Goal, including by 2040, may differ materially.

As discussed in Management's Discussion within "Results and Discussion of Operations - NIPSCO Operations," NIPSCO continues to execute its electric generation transition consistent with the preferred pathways identified in its 2018, 2021 and 2024 Integrated Resource Plans. Additionally, as discussed in Management's Discussion within "Executive Summary - Energy Transition" and "Liquidity and Capital Resources - Regulatory Capital Programs," our natural gas distribution companies are lowering methane emissions by replacing aging infrastructure, which also increases safety and reliability for customers and communities.



## ITEM 1. BUSINESS

### **NiSOURCE INC.**

#### **Human Capital**

***Human Capital Management Governance and Organizational Practices.*** The Compensation and Human Capital Committee ("C&HC Committee") of our Board of Directors (the "Board") is primarily responsible for assisting the Board in overseeing our human capital management practices. The C&HC Committee reviews our human capital management function and programs. The review of related procedures, programs, policies and practices allows the committee to make recommendations to management with respect to equal employment opportunity, employee engagement, organizational health, and talent management.

***Human Capital Goals and Objectives.*** We have aligned our human capital goals to achieve overall company strategic and operational objectives by driving an enhanced talent strategy, elevating support for front-line leaders, fostering a culture of rigor and accountability, and strengthening our human resource function. We aspire to be an employer of choice, in part, through embedding inclusion throughout the enterprise and creating an enviable employee experience.

***Workforce Composition.*** As of December 31, 2024, we had 7,687 full-time and 59 part-time active employees (i.e., not interns, not on leave or disability). Of our total workforce, 32% were subject to collective bargaining agreements with various labor unions. These collective bargaining agreements were renegotiated in 2021 and 2023 and expire in 2026 and 2027, respectively.

We foster an enviable work environment where all employees are energized. In efforts to become an employer of choice, we have developed sourcing strategies to attract and retain the most qualified talent. Our executive leadership team is characterized by a diverse composition, with 75% representation from both people of color ("POC") and females. We have increased our overall population of females and POC in 2024.

In 2024, our Diversity of Slate process supported our talent acquisition team filling 1,565 roles with 831 external candidates. These external hires included 34% being filled with POC and 40% being filled with female candidates. These sourcing efforts led our organization across all businesses to make progress toward a workforce composition that embraces different perspectives.

Our employee resource groups (ERGs) serve to create a culture of inclusion through their engagement of all employees throughout the year. We continue to develop ERG leaders to equip employees with the necessary tools to further support our efforts for advancement and strengthen our inclusive workplace. A key area for us has been our implementation and development of programs to drive higher retention and engagement of our employees, focusing on inclusive leadership training for Directors and Managers in the organization. Our commitment is grounded in the core belief that our purpose extends far beyond our primary role as a utility company.

We are committed to providing equal employment opportunities in each of our companies to all employees and applicants without regard to race, color, religion, national origin or ancestry, veteran status, disability, gender, age, marital status, sexual orientation, gender identity, genetic information, or any protected group status as defined by law. The input provided by our increasingly diverse workforce will continue to strengthen our corporate culture as well as drive constructive changes within our company to improve our operational strategies, enhance the quality of the services we provide, and increase revenue.

***Talent Attraction.*** To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate relationships with community and diversity outreach partners. We also target job fairs, including those focused on people of color, veteran, and female candidates while also partnering with local colleges and universities to identify and recruit qualified applicants.

Similar to other companies, we have focused on creating a flexible, agile model for roles that can be performed in a more remote setting. Our hybrid model recognizes differing ways of working; onsite, hybrid and remote. Most of our workforce is onsite and our hybrid and remote roles provide different avenues of working and seeking talent across our footprint. Hybrid employees work in a NiSource facility at least twice a week. This in-office presence supports colleague connection, development, in-person mentoring, and broader team building.

***Talent Development and Retention.*** We offer leadership development programs to enhance the behaviors and skills of our existing and future leaders. In 2024, we had participation from employees of all levels. We also offer extensive technical and non-technical employee development training programs.

## ITEM 1. BUSINESS

### **NISOURCE INC.**

We strive to provide promotion and advancement opportunities for employees. In 2024, for all leadership positions at the supervisor and above level posted externally, we filled 64% with internal employees. We also develop and implement targeted development action plans to increase succession candidate readiness for leadership roles. Additionally, we monitor the risk and potential impact of talent loss and take action to increase retention of top talent. Retention in 2024 was 93%. We calculate retention as 100 minus the total number of separations divided by the average headcount for the annual period. These separations break down into involuntary separations (2%), resignations (3%), and retirements (2%).

***Succession Planning.*** We perform succession planning annually for officer level positions to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Talent is identified, and potential paths of development are discussed, to ensure that employees have an opportunity to build their skills to be well-prepared for future roles. We maintain formal succession plans for our CEO and key officers. The succession plan for our CEO is reviewed by the Environmental, Social, Nominating and Governance Committee and the succession plans for key officers (other than the CEO) and critical roles are reviewed by the Compensation and Human Capital Committee annually or more frequently as needed.

***Employee and Workplace Health and Safety.*** We have several programs to support employees, and their families' well-being. These programs include competitive medical, dental, vision, life and long-term disability programs, including employee health savings account company contributions, telemedicine services, Employee Assistance Program, Integrated Health Management navigation services, and paid time off including wellness, sick/disability, parental leave, and illness in family days.

We also have a robust program to support employees, contractors and public safety, which is led by our Chief Safety Officer and is under the oversight of the Safety, Operations, Regulatory and Policy Committee of our Board.

***Culture and Engagement.*** Our culture is another important aspect of our ability to advance our strategic and operational objectives. In addition to recruiting, development and retention programs described above, we also invest in internal communications programs, including in-person and virtual learning and networking opportunities, as well as regular town hall communications to employees. We measure and monitor organizational health and employee engagement through various channels including employee lifecycle, pulse, and census surveys.

To instill and reinforce our values and culture, we require our employees to participate in regular training on ethics and compliance topics each year, including raising concerns, treating others with respect, preventing discrimination in the workplace, anti-bribery and corruption, data protection, unconscious biases, harassment, conflicts of interest, and how to use the anonymous ethics and compliance hotline. All employees receive training on our Code of Business Conduct annually or more frequently if there is a material change in content. Because of this training and other programs, we have learned from our most recent employee survey that our employees know what ethical violations look like and how to report them. Our Code of Business Conduct is designed to ensure that our employees adhere to legal and regulatory requirements, mitigate risks, and promote ethical behavior. Our ethics program is led by leadership tone at the top, policies and procedures, regular training and communication, monitoring and auditing, and a system for reporting and addressing violations. Our business ethics program, including the employee training program, is reviewed annually by our executive leadership team and the Audit Committee of our Board of Directors.

Our Compensation and Human Capital Committee reviews reports from our Chief Human Resources Officer on employee engagement and corporate culture. Our Board reviews results and action plans related to our enterprise-wide comprehensive employee engagement survey. Our executive leadership team, including our CEO, communicates directly and regularly with all employees on timely ethics topics through electronic messages, coffee chats, and all-employee town hall meetings. These communications emphasize the importance of our values and culture in the workplace.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

### NiSOURCE INC.

The following is a list of our Executive Officers, including their names, ages, offices held and other recent business experience.

| <u>Name</u>                 | <u>Age</u> | <u>Office(s) Held in Past 5 Years</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lloyd M. Yates .....        | 64         | President and Chief Executive Officer of NiSource since February 2022 and Director since March 2020<br>Executive Vice President, Customer and Delivery Operations, and President, Carolinas Region, of Duke Energy Corporation from 2014 to 2019                                                                                                                                                                                                                                      |
| Shawn Anderson .....        | 43         | Executive Vice President and Chief Financial Officer of NiSource since March 2023<br>Senior Vice President and Chief Strategy and Risk Officer from June 2020 to March 2023<br>Vice President, Strategy and Chief Risk Officer from January 2019 to May 2020                                                                                                                                                                                                                          |
| Melody Birmingham .....     | 53         | Executive Vice President, and President, NiSource Utilities of NiSource since March 2023<br>Executive Vice President, Chief Innovation Officer of NiSource from July 2022 to March 2023<br>Senior Vice President and Chief Administrator Officer of Duke Energy Corporation from May 2021 to June 2022<br>Senior Vice President, Supply Chain and Chief Procurement Officer of Duke Energy Indiana from 2018 to April 2021                                                            |
| William Jefferson, Jr ..... | 63         | Executive Vice President, Chief Operating and Safety Officer of NiSource since May 2024<br>Executive Vice President, Operations and Chief Safety Officer of NiSource from July 2022 to May 2024<br>Station Director at STPNOC, Wadsworth, Texas, from 2020 to May 2022 and Vice President in 2022                                                                                                                                                                                     |
| Michael S. Luhrs .....      | 52         | Executive Vice President, Strategy and Risk and Chief Commercial Officer of NiSource since March 2023<br>Senior Vice President at Alliant Energy from 2022 to March 2023<br>Vice President at Duke Energy Corporation from 2013 to 2022                                                                                                                                                                                                                                               |
| Kimberly S. Cuccia .....    | 41         | Senior Vice President, General Counsel and Corporate Secretary of NiSource since April 2022<br>Vice President, Interim General Counsel and Corporate Secretary of NiSource from December 2021 to April 2022<br>Vice President and Deputy General Counsel, Regulatory, of NiSource Corporate Services Company, from January 2021 to December 2021<br>Vice President and General Counsel of Columbia Gas of Massachusetts and of NiSource Corporate Services Company, from 2019 to 2020 |
| Melanie B. Berman .....     | 54         | Chief Human Resources Officer and Senior Vice President, Administration of NiSource since May 2024<br>Senior Vice President and Chief Human Resources Officer of NiSource from June 2021 to May 2024<br>Executive Vice President and Chief Human Resources Officer of The Michaels Companies, Inc. from 2020 to 2021                                                                                                                                                                  |
| Gunnar J. Gode .....        | 50         | Vice President, Chief Accounting Officer and Controller of NiSource since July 2020<br>Vice President and Controller of Washington Gas from March 2019 to 2020                                                                                                                                                                                                                                                                                                                        |

## ITEM 1A. RISK FACTORS

### **NI SOURCE INC.**

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock.

### **OPERATIONAL RISKS**

**We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities, such as data center development and related generation sources and transmission capabilities to meet potential load growth.**

Operational, financial or regulatory conditions may result in our inability to execute our business plan or growth strategy, including investments related to natural gas and electric distribution and transmission infrastructure investments and our electric generation projects. Additionally, operational, financial or regulatory conditions may result in our inability to manage the development and implementation connected to the complex business opportunity associated with growing interest in data centers from existing and potential customers.

Our enterprise-wide transformation roadmap initiatives identify and enable long-term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization, and these initiatives have increased the volume and pace of change and may not be effective as it continues. Our customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Furthermore, we are evaluating the potential for data center development in our service territories, including ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, while at the same time focusing on our environmental goals. We expect that management of load growth would require new generation and transmission capabilities. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, and mergers from time to time as we execute on our business plan and growth strategy. As data center opportunities evolve and develop, we may also enter into arrangements and agreements with customers and potential customers that require us to invest capital related to the data center development and related generation sources and transmission capabilities before we receive any potential return. Any of these circumstances could adversely affect our business, results of operations and growth prospects. Even if our business plan, growth strategy, and/or business opportunities are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We are currently experiencing, and expect to continue to experience, supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects, as well as our ability to ensure timely completion.

**Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.**

As we evaluate business opportunities presented by the data center development in our territories, including a focus on northern Indiana, we face a variety of challenges including accurately predicting future power needs of data centers due to rapidly changing technology and market dynamics, managing the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, financing the capital investment needed to build and maintain the necessary infrastructure to support data center development, managing the possible environmental impact of the potential increased power demand while remaining focused on our Net Zero Goal, and evaluating and complying with evolving regulations related to data center development. As we evaluate the potential for data center development in our service territories, we must effectively manage these financial, operational and regulatory risks.

**Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.**

Our gas distribution and transmission, electric generation, transmission and distribution activities, involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental spills, mechanical problems, damage from weather events, and other incidents, which could cause substantial financial losses. These hazards and risks have resulted and may result in serious injury or loss of life to employees and/or the general public, significant damage to property,

## ITEM 1A. RISK FACTORS

### **NISOURCE INC.**

environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial business and financial losses. The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. Hazardous incidents have subjected and may subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

### **We currently conduct and may conduct in the future certain operations through a JV arrangement involving third-party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.**

We have and may enter into JV arrangements involving third-party investors, including the NIPSCO Minority Interest Transaction. As part of a JV arrangement, third-party investors may hold certain protective rights that may impact our ability to make certain decisions, restricting our operational and corporate flexibility. Any such third-party investors may have interests and objectives which may differ from ours, we may be unable to cause these third parties to take action that we believe would be in the JV's best interest, and, accordingly, disputes may arise that may result in operational impasses or litigation, including business delays.

### **Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our ability to manage such related costs could make us less competitive.**

A key element of our electric business model includes generating power at central station power plants and transmitting that power to customers to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, energy storage, and implement energy efficiency programs for customers. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating, transmission and distribution facilities to decline.

Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, and potential competition supported by changes in laws or regulations could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology, successfully implement such changes, and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our business, results of operations and financial condition. Furthermore, if these changes do not provide the anticipated benefits or meet customer demands, such failure could materially adversely affect our business model as well as impact results of operations and financial condition.

### **Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.**

We use a variety of technological tools and systems including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact its financial condition and results of operations. Although the Company has, when possible, developed alternative sources of technology and built redundancy into its computer networks and tools, there can be no assurance that these efforts would protect against all potential issues related to the loss of any such technologies.

## ITEM 1A. RISK FACTORS

### **NI SOURCE INC.**

#### **Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.**

We have risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and/or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures and (3) other potential risks related to missing or incorrect infrastructure data. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs.

Supply chain issues related to shortages of materials, labor and transportation logistics may lead to delays in the maintenance and replacement of aging or damaged infrastructure, which could increase the probability and/or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile some materials in inventory for such supply risks, we may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of electric service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

#### **We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.**

Our ability to obtain insurance, as well as the cost and coverage of such insurance, is impacted by various events and developments affecting our industry and the financial condition and underwriting considerations of insurers. For example, some insurers have discontinued underwriting certain carbon-intensive energy-related businesses such as those in the coal industry or excluded coverage for specific perils such as wildfires or punitive damage risks. Certain perils, such as cyber liability, are now being excluded from some master policies for property and casualty insurance, requiring, where we have the ability, procurement of additional policies to maintain consistent coverage at an additional cost. Specific natural catastrophe events, such as hail and tornado, may not be covered with the same limits as other perils in certain property policies, as full coverage for these events is unavailable in the marketplace without costly specialty policies. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position.

#### **Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.**

We intend to retire the remaining two coal units at R.M. Schahfer Generating Station by the end of 2025, two natural gas-fired peaking units at R.M. Schahfer Generating Station by the end of 2027, and the coal unit at Michigan City Generating Station by the end of 2028. These units are being replaced with a diverse, flexible, and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management programs, wind, solar, battery energy storage, and new natural gas peaking resources. Macro supply chain issues and U.S. federal policy actions could create uncertainty around the availability of key input materials necessary to develop and place our electric generation projects in service.

We expect renewable generation, battery energy storage and natural gas generation to be the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. Any delays in the completion of such projects could create significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Delays to the

## ITEM 1A. RISK FACTORS

### **NI SOURCE INC.**

completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition.

Our electric generation strategy may require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. An inability to secure and deliver on electric generation projects has negatively impacted, and could in the future negatively impact, our generation transition timeline and could negatively impact our achievement of decarbonization goals and reputation.

### **Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies.**

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas transmission and distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs. Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth, which may not materialize, and may cause the construction to occur over an extended period of time.

Construction risks include, but are not limited to, changes in the availability or costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, poor initial cost estimates, unforeseen engineering issues, and general contractors and subcontractors not performing as required under their contracts.

We are monitoring risks related to increasing delivery lead times for certain construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We continue to see increasing prices associated with certain materials, equipment and products, which impacts our ability to complete major capital projects at the cost that was planned and approved. To the extent that delays occur, costs increase, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our affordability and complete our capital projects, our business operations, results of operations, cash flows, and financial condition may be adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights-of-way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion.

### **A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, and economic conditions impact customer demand.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity (which volatility is described in more detail in the below risk factor), whereby usage declines with increased costs which could affect our financial results. Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, demand and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results.



## ITEM 1A. RISK FACTORS

### **NI SOURCE INC.**

#### **Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.**

Our current electric generating fleet has dependencies on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in selling energy to our customers. While we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation and storage facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if capacity is inadequate or if supply is interrupted due to issues at the wellhead, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

#### **Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.**

We face increased competition for talent which may result in longer hire times or increased cost due to the competitive nature of certain positions.

We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment or other conditions, including those related to organizational changes as described in the risk factor below.

Further, as part of our strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal-fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re-skill certain employees to support our long-term objectives. Additionally, successful implementation of our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee its progress.

A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Failure to attract, retain, or re-skill qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, could result in a loss of momentum, loss of high-level employees to our peers and could materially adversely affect our business, results of operations, cash flow and financial condition. If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory labor relations, safety, service reliability, and customer satisfaction, our results of operations could be adversely affected.

#### **If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.**

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes

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from our transformation initiatives have put short-term pressure on employees due to the volume and pace of change and, in some cases, the loss of personnel. Front-line workers are being impacted by the variety of process and technology changes that are currently in progress.

If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted.

#### **Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.**

We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long-term strategy or the interests of our other stockholders. Our response to suggested actions, proposals, director nominations and contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees, and be costly and time-consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third-party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

#### **We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.**

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We have seen, and may see in the future, slowing deliveries from suppliers and in some cases materials and labor shortages. In addition to delays and unavailability, at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry standards), interruption of service, accidents, or reputational harm, which could negatively impact our business, financial condition and results of operations. The nature of indirect supply chain, including a potential lack of control or certain visibility into sourcing by vendors, may also impact our ability to serve customers in a safe, reliable and cost-effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If we continue to see delayed deliveries and shortages or if any other difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers, or employees.

#### **A cyber-attack or security breach on any of our or certain third-party technology systems, including but not limited to information systems, infrastructure, software and hardware, upon which we rely may adversely affect our ability to operate, 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 technology 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 cybersecurity risks that all large corporations face (e.g., ransomware, 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 electric grid and natural gas infrastructure as well as sensitive and confidential customer and employee information. 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 electric grid and the natural gas infrastructure. Increasing large-scale corporate cyber-attacks in conjunction with more sophisticated threats continue to challenge utility companies. Additionally, international conflicts, as well as increased surveillance activity from global threat actors, has increased the likelihood of a cyber-attack or security breach on critical infrastructure systems.

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Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks or security breaches by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such cyber-attacks or security breaches, our cybersecurity program does not prevent all breaches, cyber-attack or security breach incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, cybersecurity intrusions and attacks or security breaches to our information systems. To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted cyber-attacks or security breaches have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber-attack or security breach techniques, lack of cybersecurity hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non-compliance with cybersecurity controls can also result in a cybersecurity incident. We are aware of vendor cybersecurity incidents that have impacted our business, although no such events have had a material impact. Cyber-attacks or security breaches can occur at any point in the supply chain or with any suppliers, and future supplier non-compliance with cybersecurity controls could result in material cybersecurity incidents. In addition, we use unmanned aircraft systems (UAS) or drones in our business operations. UASs are also being used for malicious activities and the cybersecurity risk in connection with operating UASs is increasing.

In addition, we collect and retain personally identifiable information of our customers and employees. Customers and employees expect that we will adequately protect their personal information.

A cybersecurity breach of our information systems or operational technology, or a cybersecurity breach of the information systems of our customers, suppliers or others with whom we do business, could, among other things, (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 and/or results of operations. Although we do maintain cybersecurity 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.

#### **Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and/or cash flows.**

The legal and regulatory environment surrounding cybersecurity and privacy is increasingly demanding. As cyber-attacks or security breaches are becoming more sophisticated, critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted. In 2021, the TSA announced two new cybersecurity directives in response to a ransomware attack on the Colonial Pipeline that occurred earlier in the year. These directives, including updates or amendments to such TSA directives, require critical pipeline owners to comply with mandatory reporting measures, designate a cybersecurity coordinator, provide vulnerability assessments, and ensure compliance with certain cybersecurity requirements. In November 2024, the TSA issued a Notice of Proposed Rulemaking (NPRM) that would mandate cyber risk management and reporting requirements for the pipeline industry. Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber-attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any failure to comply with government regulations or any failure in our cybersecurity protective measures may result in enforcement actions, all of which may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates.

#### **The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers.**

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a hurricane, tornado, wildfire, flood, or other major weather event, or terrorist attack, acts of war, international

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military invasions, including the political and economic disruption and uncertainty related to such terrorist attack, acts of war, or international military invasions, civil unrest, accident, public health emergency (e.g. pandemic), or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from tornadoes, hurricanes and remnants of hurricanes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, the supply chain constraints that we are experiencing could impact our ability to timely restore services. The occurrence of such events could materially adversely affect our business, financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. As a result, the amount and scope of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.

### **We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.**

As a utility company, we are subject to adverse publicity focused on the actual or perceived reliability or affordability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or cybersecurity incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental practices or impacts, including our ability to meet the challenges posed by climate change and achieve our carbon emission reduction goals, as well as negative opinions regarding the appropriateness of such goals. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The foregoing may have adverse effects on our business, results of operations, cash flow and financial condition.

### **The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.**

Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including temperature stresses to our electric and gas systems and equipment and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers. Further, as our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards than centralized generation, thereby increasing the frequency of weather impacts to overall electric reliability. Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us.

Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower-carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with economic considerations, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and regulations restricting, or imposing fees on, emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost-competitive option, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future.

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We are unable to forecast the future of commodity markets. Some of our generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long-term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs, reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services.

Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could not only harm our reputation, but could adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, Maryland is considering policies related to the planning, practices, and future operations of natural gas suppliers in its state which could impact our business in the future.

### **We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goals.**

In November 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the “Net Zero Goal”). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, of which, the impacts and costs are not currently fully understood. NIPSCO’s electric generation transition, which is outlined in the 2024 Plan, is a key element of the Net Zero Goal. Our analysis and plan for execution requires us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements, the ability to complete and implement generation alternatives to NIPSCO’s coal generation and retire NIPSCO’s coal facilities; the ability to implement our modernization plans for our natural gas pipelines and facilities, including construction of new pipelines and facilities; customer demand and capacity needs remaining in line with current expectations, including impacts from energy efficiency and technological innovation and adoption of alternative energy sources; the ability to effectively manage business opportunities from data center development; the ability to manage costs and supply chain risks associated with construction of electric and natural gas assets; technological innovation and costs of energy generation technologies such as wind, solar, thermal and energy storage, and of carbon abatement technologies such carbon capture solutions; regulatory approval; impacts of potential future environmental regulations or legislation, including potential GHG pricing regimes such as a carbon tax or methane fee; price, availability and regulation of carbon offsets; and price of natural gas and alternative fuels such as hydrogen. Any negative opinions with respect to these goals or our environmental practices, including our ability to meet the challenges posed by climate change and our ability to achieve our carbon emission reduction goals, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition.

## **FINANCIAL, ECONOMIC AND MARKET RISKS**

### **We have substantial indebtedness which could adversely affect our financial condition.**

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of \$13,960.3 million outstanding as of December 31, 2024. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;

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- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, non-compliance with debt covenants could adversely affect our ability to obtain future borrowings and as a result materially adversely affect our business, financial condition, results of operations, and liquidity.

### **A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.**

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, liabilities, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2024, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$115.5 million. In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If our or certain of our subsidiaries’ credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

### **Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.**

Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long-term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. There may be external factors such as inflation, monetary policy or other market conditions which could impact our cost of borrowing and could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because

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NIPSCO's current generating facilities substantially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, investors may choose to sell or choose not to purchase our stock due to environmental, social and governance or sustainability concerns. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

We may face limits, or the inability, to access credit and capital markets or may experience significant increases in the cost of capital, which could limit our ability to implement or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

### **Most of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, regulatory interpretations, customer intervention, economic conditions, the political environment and customer affordability. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services.

### **The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.**

The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These state regulatory commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC).

Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing interests. Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudency reviews by state regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings could adversely affect our financial position, results of operations and cash flows.

There can be no assurance that regulators will approve the recovery of all operating and capital costs incurred by our electric and natural gas companies, including, but not limited to, costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cybersecurity laws and regulations. Further, we face regulatory challenges when our electric and gas companies seek regulatory recovery of increases to materials and other costs as a result of inflationary pressures, including accounting for inflationary pricing in plans and assumptions and ensuring there is a regulatory recovery model. There is debate among state regulators and other stakeholders over how to transition to a decarbonized economy and prudency arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating or capital costs could have an adverse effect on a company's financial position, results of operations and cash flows.



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Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs or operational requirements for the companies.

In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company's allowed ROE as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments. These actions would have an adverse effect on our financial position, results of operations and cash flows.

Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations, including the expected final ruling around leak detection and repair requirements could subject our gas utilities to higher operating costs and divert business resources from other activities in order to remain compliant. If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation.

Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows.

### **Our business operations are subject to economic conditions in certain industries.**

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and consumer demand for environmentally friendly products and practices. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs, government and societal pressure to decarbonization, and fluctuating demand for its products.

### **We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.**

Our extension of credit is governed by a Corporate Credit Risk Management Policy, involves judgment by our employees and is based on an evaluation of customer, supplier, or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions impacting these credit risk exposures could result in an increase in defaults by customers, suppliers and counterparties. We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations, such risks could negatively impact our business, financial condition and cash flow.

### **We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.**

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

### **Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.**

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which could fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the

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obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expenses could negatively impact our results of operations and financial position.

**We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.**

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, the carrying value of goodwill would not be recoverable, in which case we may record a non-cash impairment charge, which could materially impact our results of operations and financial position.

A significant impairment charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility, which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

### **LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

**The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.**

We are, or may be, involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, the most significant of which are summarized in, Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. While we maintain insurance, it may not cover all costs or expenses incurred relating to litigation. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

**Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies and a failure to comply with changes in, or new or different interpretations of, such laws, regulations, tariffs and policies could have an adverse impact on our business.**

Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new or different laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints, both direct and indirect, including but not limited to material or labor shortages, may challenge our ability to remain in compliance with these laws, regulations, tariffs and policies and operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

**Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.**

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, leak detection and repair, GHG and waste products such as CCR. Compliance with

## ITEM 1A. RISK FACTORS

### **NISOURCE INC.**

these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage.

Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities.

An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we have set a Net Zero Goal and continue to execute our plan to reduce our GHG emissions by the increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, GHG emissions are anticipated to be associated with energy delivery for many years. Future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and may promulgate additional regulations concerning the management, storage, use and disposal of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage.

We currently have a pending application with the EPA to continue operation of a CCR impoundment that is tied to operation of R.M. Schahfer Generating Station Units 17 and 18 to the end of 2025, with the CCR impoundment closing by October 2028. In proposed and final EPA actions denying continued operation of CCR impoundments at other utilities, EPA said that CCR impoundments should cease receipt of CCRs within 135 days of final EPA action unless certain conditions are demonstrated, such as potential reliability issues. In the event that approval is not obtained, future operations could be impacted.

The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes or increases in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

### **Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.**

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted or interpreted by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than \$1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. Our NIPSCO subsidiary's renewable portfolio is eligible for tax credits associated with the investment in renewable generation assets and production of power from those assets. Statutory changes, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

### **NiSOURCE INC.**

None.

## ITEM 1C. CYBERSECURITY

NiSource has implemented and maintains a comprehensive cybersecurity program that includes a variety of security controls and measures designed to identify, assess, and manage material cybersecurity risks. The program is a part of NiSource's enterprise risk management strategy. The enterprise risk team and the Risk Management Committee review material risks to any NiSource operating company based on perspectives from external experts, peer surveys, and the potential impact to NiSource's enterprise assets and strategic objectives.

Risk events are classified based on both the timing of impact and NiSource's ability to preventatively mitigate the risk. For the cybersecurity risks that can be preventively mitigated, the enterprise risk team gathers quarterly updates on mitigation gap closure from risk owners. The Risk Management Committee reviews any mitigation gaps identified by risk owners and approves or rejects the pace of mitigation activities as a statement of risk tolerance and then directs that mitigation activities be included in budgets and the business plan as appropriate.

The NiSource cybersecurity program includes the following key components:

**Risk assessment.** NiSource regularly assesses its cybersecurity risks to identify and prioritize the most significant threats. The risk assessment process considers a variety of factors, including those specific to the utility/energy industry, the types of data NiSource collects and stores, and the threats posed by known vulnerabilities. NiSource engages third parties to perform independent assessments of its cybersecurity program, provide intelligence about the threat environment, and to provide operational assistance in managing the program. Annually, a third-party independent assessment is performed to evaluate NiSource cybersecurity maturity against a framework of cybersecurity controls. NiSource also performs bi-annual penetration testing and social engineering assessments performed by a third-party.

**Third-party risk management.** NiSource performs cyber assessments periodically on third-party vendors and service providers with whom NiSource shares data, relies on for critical business functions, or provides access to the NiSource network or systems. NiSource's Supply Chain function works with the Legal and Cyber functions to periodically update cybersecurity contractual provisions in its vendor agreements, with deviations from such provisions requiring approval from the Legal and Cyber functions. NiSource's Supplier Code of Business Conduct requires, among other things, that suppliers ensure safe and secure use of information assets, comply with applicable law relating to personal information, and adhering to standards relative to the use and protection of Company information, including that of our employees, customers, vendors and other stakeholders. In addition, all vendors and contractors that have access and/or connectivity to the NiSource environment must complete cybersecurity training annually.

**Security controls.** NiSource has implemented a variety of security controls to mitigate cybersecurity risks. These controls include technical controls, such as firewalls and intrusion detection systems, as well as administrative controls, such as employee training and security awareness programs. To ensure cybersecurity controls, NiSource OT within the electric business adheres to the NERC CIP. Within the natural gas business, cybersecurity controls are managed and monitored based on the TSA Security Directives.

**Incident response.** NiSource has a comprehensive incident response plan in place to respond to cybersecurity incidents. The plan includes steps for detection, analysis, containment, eradication, and recovery from incidents, as well as steps for notifying affected individuals and regulators.

The NiSource Board of Directors' Audit Committee has responsibility for oversight of the cybersecurity program and risks from cybersecurity threats. The Audit Committee regularly reviews NiSource's cybersecurity posture. The CISO briefs the Audit Committee on cybersecurity risks and risk mitigation initiatives and actions. In addition, the Board of Directors remains informed of key and emerging cybersecurity risks and receives updates by the Audit Committee after each of its regularly scheduled meetings.

At the management level, the CISO leads the cybersecurity program and is responsible for assessing and managing cybersecurity risks. Our CISO has expertise and experience in cybersecurity derived from over 15 years of cyber related work experience and possesses several certifications including CISSP, CRISC, and CISA. The CISO is supported by the NiSource

## ITEM 2. PROPERTIES

### **NiSOURCE INC.**

Enterprise Security team which performs the cybersecurity function and engages directly on the prevention, detection, mitigation, and remediation of cybersecurity incidents.

As of the date of filing this Annual Report on Form 10-K, NiSource is not aware of any material cybersecurity incidents during the past year. NiSource monitors the increasing sophistication of cybersecurity threats and continues to allocate resources to enhance its cybersecurity program to protect its information systems and assets. No cybersecurity program is effective to identify and mitigate all threats and NiSource cannot guarantee that it will be able to prevent all cybersecurity incidents. Such an incident could interrupt our normal operations and require us to incur significant costs to remediate any such incident and could have a material impact on our businesses, operations and financial condition. For more information regarding the risks associated with cybersecurity, refer to "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

## ITEM 2. PROPERTIES

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2024.

### Columbia Operations

Refer to Item 1, "Business - Columbia Operations," of this report for further information on Columbia Operations properties.

### NIPSCO Operations

Refer to Item 1, "Business - NIPSCO Operations," of this report for further information on NIPSCO Operations properties.

### Corporate and Other Operations

We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

### Character of Ownership

Our principal properties and our subsidiaries' principal properties are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

## ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### **NiSource Inc.**

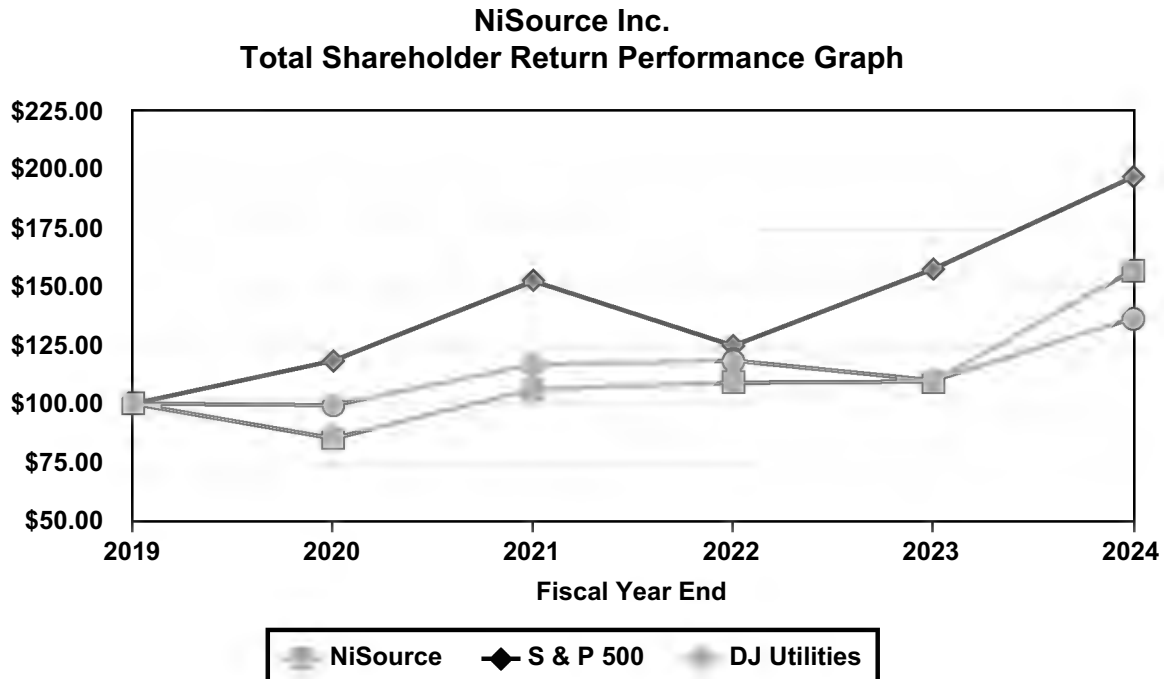
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by the Board out of funds legally available. There is no preferred stock outstanding as of December 31, 2024. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 23, 2025 meeting, the Board declared a quarterly common dividend of \$0.280 per share, payable on February 20, 2025 to holders of record on February 3, 2025.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 5, 2025 NiSource had 14,161 common stockholders of record and 469,939,639 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the period commencing December 31, 2019 and ending December 31, 2024 with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices.



The foregoing performance graph is being furnished as part of this Annual Report on Form 10-K solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of \$100 and assumes dividend reinvestment.

**Purchases of Equity Securities by Issuer and Affiliated Purchasers.** For the three months ended December 31, 2024, no equity securities that are registered by NiSource Inc. pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our affiliated purchasers.

ITEM 6. RESERVED

**NISOURCE INC.**

Not applicable.

## ITEM 7. 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") 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" and Item 1A, "Risk Factors" at the beginning of this report for a list of factors that may cause results to differ materially. Refer to the "Business" section under Item 1 of this Annual Report on Form 10-K and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for further discussion of our regulated utility business segments.

This Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

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: Columbia Operations and NIPSCO Operations.

Our vision is to be a premier, innovative and trusted energy partner. We exist to deliver safe, reliable energy that drives value to our customers. In order to achieve this goal, we seek to develop strategies that benefit all stakeholders as we (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our focus. Serving as a guiding practice for our SMS, NiSource is certified in conformance to the American Petroleum Institute Recommended Practice 1173, which is the foundation to our journey towards operational excellence.

**2024 Overview:** In 2024, we continued to make significant progress on the remaining portfolio of projects that will enable our electric generation transition, including placing one solar and battery project into service and receiving approval of a new gas peaking facility. During the year, we received orders for three rate cases: Columbia of Pennsylvania, Columbia of Kentucky, and NIPSCO Gas. In addition, the Columbia of Virginia, Columbia of Maryland and NIPSCO Electric rate cases filed in 2024 are anticipated to be resolved during 2025 with balanced outcomes supporting all stakeholders. We continued to build and advance our SMS by successfully maintaining our certification of conformance for API 1173 and achieving LRQA's ISO 50001 certification. Between our Columbia and NIPSCO Operating Segments, we added 21,000 customers. We also invested \$1.5 billion in infrastructure modernization to enhance safe, reliable service, including replacement of 288 miles of distribution main and service lines, 24 miles of underground cable and 1,240 electric poles. We achieved the first major milestone in our Transformation road map and continue to increase the efficiency of our operating companies.

The following describes in more detail the advancements we have made in our key strategic initiatives.

**Energy Transition:** We are advancing our energy transition strategy primarily through the continuation and enhancement of existing programs, such as retiring and replacing remaining coal-fired electric generation by 2028 with a balanced mix of low or zero-emission electric generation and battery storage, ongoing pipe replacement and modernization programs, and deployment of advanced leak detection and repair. Our electric generation transition, initiated through our 2018 Integrated Resource Plan



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISource Inc.**

("2018 Plan") is well underway, and we are continually adjusting to the dynamic energy landscape. As of December 31, we have placed in service owned renewable and storage projects, developed under BTAs, with combined nameplate capacities of 1,065 MW and 45 MW respectively. Renewable PPA projects with a combined nameplate capacity of 600 MW have also been placed in service. In addition, renewable and storage BTA projects with combined nameplate capacities of 1,085 MW and 56 MW, respectively, and renewable PPA projects with a combined nameplate capacity of 600 MW were under development as of December 31, all of which have received IURC approval. The capacity figure for BTA projects in development includes the Templeton Wind project. In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton Wind PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In 2024, the IURC approved full ownership of the Cavalry, Dunns Bridge II, Fairbanks and Gibson and the cost of the Fairbanks project as contemplated in contractual actions. Full ownership of these projects allows NIPSCO to leverage provisions of the IRA, monetize renewable tax credits more effectively, and provide enhanced benefits to customers as compared to the previous tax equity partnership structure approved by the IURC. We remain on track to retire R.M. Schahfer's remaining two coal units by the end of 2025. For additional information, see "Results and Discussion of Operations - NIPSCO Operations," in this Management's Discussion.

NIPSCO's 2021 Integrated Resource Plan ("2021 Plan") lays out a timeline to retire the Michigan City Generating Station by the end of 2028. The 2021 Plan calls replacing the retiring coal units with a diverse portfolio of resources including demand side management resources, renewables, stand-alone energy storage and upgrades to existing facilities at the Sugar Creek Generating Station, among other steps. In 2024, Sugar Creek completed an Advanced Gas Path Tech upgrade that will enhance its overall production capabilities. Additionally, the 2021 Plan calls for a new natural gas peaking facility to replace existing vintage gas peaking facilities at the R.M. Schahfer Generating Station to support system reliability and resiliency, and upgrades to the electric transmission system. In October 2024, we received approval for the issuance of a CPCN for an approximately 400 MW natural gas peaking generation facility from the IURC. The planned retirement of the two vintage gas peaking facilities at the R.M. Schahfer Generating Station is also expected to occur by the end of 2028. Final retirement dates for these units, as well as Michigan City, will be subject to MISO approval.

NIPSCO's 2024 Plan was submitted to the IURC on December 9, 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporates factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. We have seen an acceleration of customer interest in our northern Indiana service territory in the form of data center development. We believe data center development can enhance our local tax base, diversify the employment base across the state of Indiana, and provide greater value to existing customers and shareholders. We are evaluating the potential for data center development in our service territory, including ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, while at the same time focusing on our environmental goals. We expect the management of large load growth would require new generation resources, including gas-fired resource, and transmission capabilities. We plan to move as efficiently as possible while maintaining the integrity of our commercial, planning, regulatory, procurement and operational execution processes.

We continue to enhance safety and reduce methane emissions on our gas systems through modernization programs and utilization of advanced leak detection and repair. In addition, we plan to advance other low- or zero-emission energy resources and technologies, such as hydrogen and renewable natural gas.

**Transformation:** Our enterprise-wide transformation roadmap focuses on operational excellence, safety, operation and maintenance management, and unlocking efficiencies. We are committed to identifying and implementing initiatives that will enable us to streamline work and improve processes company-wide. These efforts include investments in proven technologies backed with standardized processes that will change the way we plan, schedule, and execute work in the field and how we engage and provide service to our customers. Taken together, all of our optimization initiatives will prioritize safety and continue to optimize our long-term growth profile. We are making progress towards our transformation goals with a successful completion of the first phase of our WAM program, an enterprise resource planning system that will optimize the scheduling, dispatch, and execution of our field operations. This phase of the program implemented the solution within our electric distribution and transmission operations, while the remaining phases associated with gas distribution and generation operations are anticipated to be completed by the end of 2025.

**Economic Environment:** We continue to monitor risks related to order and delivery lead times for construction and other materials, potential unavailability of materials due to global shortages in raw materials, and decreased construction labor productivity in the event of disruptions in the availability of materials. We continue to see increasing prices associated with certain materials and supplies. To the extent that work plan delays occur or our costs increase, our business operations, results

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

of operations, cash flows, and financial condition could be materially adversely affected. Refer to Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K for further detail.

We are faced with increased competition for employee and contractor talent in the current labor market which has resulted in increased costs to attract and retain talent. We are ensuring that we use all internal human capital programs (development, leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal for potential recruits. With a focus on workforce planning, we are evaluating our future talent footprint by creating flexible work arrangements where possible to support a broader talent footprint for sourcing needed talent. Refer to Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K for further detail.

The market price of natural gas was stable during 2024 and was very close to levels seen in 2023. Similar to natural gas pricing, electric commodity costs have remained stable due to available supplies of natural gas and coal and the growing influence of renewable generation on power market pricing. Changes in commodity prices do not have a material impact on our results of operations, however higher commodity prices can impact our cash flows and liquidity. For more information on our commodity price impacts, see Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K, "Results and Discussion of Segment Operations - Columbia Operations," "Results and Discussion of Segment Operations - NIPSCO Operations," and "Market Risk Disclosures."

We continue to evaluate our financing plan to manage interest expense and exposure to rates. For more information on interest rate risk, see "Market Risk Disclosures" and Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K.

**NIPSCO Minority Interest Transaction:** On December 31, 2023, contemporaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II, and NiSource entered into an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of NIPSCO Holdings II. On January 31, 2024, BIP transferred a 4.5% equity interest in NIPSCO Holdings II to BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone. Effective upon the closing of this transfer, the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"). The two affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transaction.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

**Summary of Consolidated Financial Results**

A summary of our consolidated financial results for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31,<br>(in millions, except per share amounts) | Favorable (Unfavorable) |                   |                   |                  |                   |
|--------------------------------------------------------------------|-------------------------|-------------------|-------------------|------------------|-------------------|
|                                                                    | 2024                    | 2023              | 2022              | 2024 vs. 2023    | 2023 vs. 2022     |
| <b>Operating Revenues</b>                                          | <b>\$ 5,455.1</b>       | <b>\$ 5,505.4</b> | <b>\$ 5,850.6</b> | <b>\$ (50.3)</b> | <b>\$ (345.2)</b> |
| <b>Operating Expenses</b>                                          |                         |                   |                   |                  |                   |
| Cost of energy                                                     | 1,132.2                 | 1,533.3           | 2,110.5           | 401.1            | 577.2             |
| Other Operating Expenses                                           | 2,867.4                 | 2,676.6           | 2,474.3           | (190.8)          | (202.3)           |
| <b>Total Operating Expenses</b>                                    | <b>3,999.6</b>          | <b>4,209.9</b>    | <b>4,584.8</b>    | <b>210.3</b>     | <b>374.9</b>      |
| <b>Operating Income</b>                                            | <b>1,455.5</b>          | <b>1,295.5</b>    | <b>1,265.8</b>    | <b>160.0</b>     | <b>29.7</b>       |
| Total Other Deductions, Net                                        | (452.7)                 | (481.6)           | (309.4)           | 28.9             | (172.2)           |
| Income Taxes                                                       | 158.1                   | 139.5             | 164.6             | (18.6)           | 25.1              |
| <b>Net Income</b>                                                  | <b>844.7</b>            | <b>674.4</b>      | <b>791.8</b>      | <b>170.3</b>     | <b>(117.4)</b>    |
| Net (loss) income attributable to noncontrolling interest          | 84.3                    | (39.9)            | (12.3)            | (124.2)          | 27.6              |
| <b>Net Income attributable to NiSource</b>                         | <b>760.4</b>            | <b>714.3</b>      | <b>804.1</b>      | <b>46.1</b>      | <b>(89.8)</b>     |
| Preferred dividends and redemption premium                         | (20.7)                  | (52.6)            | (55.1)            | 31.9             | 2.5               |
| <b>Net Income Available to Common Shareholders</b>                 | <b>739.7</b>            | <b>661.7</b>      | <b>749.0</b>      | <b>78.0</b>      | <b>(87.3)</b>     |
| Basic Earnings Per Share                                           | \$ 1.63                 | \$ 1.59           | \$ 1.84           | \$ 0.04          | \$ (0.25)         |
| Diluted Earnings Per Share                                         | \$ 1.62                 | \$ 1.48           | \$ 1.70           | \$ 0.14          | \$ (0.22)         |

The majority of the costs 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.

The increase in net income available to common shareholders during 2024 was primarily due to higher revenues, net of cost of energy, driven by our continued investment in safety, reliability and low- or zero-emission generation as well as increased AFUDC, reported in Other Deductions, Net, primarily related to NIPSCO's wholly owned Cavalry and Dunns Bridge II projects. The increase in net income available to common shareholders is partially offset by higher depreciation expense attributed to our planned capital expenditures, higher interest expense and higher net income attributable to noncontrolling interest following the consummation of the NIPSCO Minority Interest Transaction. See Note 6, "Equity," for additional information.

For additional information on operating income variance drivers see "Results and Discussion of Operations" for Columbia Operations and NIPSCO Operations in this Management's Discussion.

**Other Deductions, Net**

The change in Other deductions, net in 2024 compared to 2023 is primarily driven by higher long-term debt interest in 2024 offset by increases in AFUDC. See Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for additional information.

**Income Taxes**

The increase in income tax expense in 2024 compared to the same period in 2023 is primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

**RESULTS AND DISCUSSION OF OPERATIONS**

Presentation of Segment Information

In response to the NIPSCO Minority Interest Transaction, our operations are now evaluated through two primary reportable segments, Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations aggregates the results of NIPSCO Holdings I, and its majority-owned subsidiaries, including NIPSCO, which has both fully regulated gas and electric operations in northern Indiana. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as a reportable segment, are presented as "Corporate and Other" within the Notes to the Consolidated Financial Statements and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.**  
**Columbia Operations**

Financial and operational data for the Columbia Operations segment for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31, <i>(in millions)</i> | 2024              | 2023              | 2022              | Favorable (Unfavorable) |                   |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|
|                                              |                   |                   |                   | 2024 vs. 2023           | 2023 vs. 2022     |
| <b>Operating Revenues</b>                    | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 2,964.4</b> | <b>\$ (30.1)</b>        | <b>\$ (218.3)</b> |
| <b>Operating Expenses</b>                    |                   |                   |                   |                         |                   |
| Cost of energy                               | 514.7             | 645.0             | 978.4             | 130.3                   | 333.4             |
| Operation and maintenance                    | 837.5             | 792.3             | 791.3             | (45.2)                  | (1.0)             |
| Depreciation and amortization                | 409.1             | 371.7             | 329.4             | (37.4)                  | (42.3)            |
| Loss on impairment of assets                 | 2.7               | —                 | —                 | (2.7)                   | —                 |
| Loss (gain) on sale of assets, net           | 4.7               | —                 | (103.9)           | (4.7)                   | (103.9)           |
| Other taxes                                  | 218.6             | 198.8             | 184.2             | (19.8)                  | (14.6)            |
| <b>Total Operating Expenses</b>              | <b>1,987.3</b>    | <b>2,007.8</b>    | <b>2,179.4</b>    | <b>20.5</b>             | <b>171.6</b>      |
| <b>Operating Income</b>                      | <b>\$ 728.7</b>   | <b>\$ 738.3</b>   | <b>\$ 785.0</b>   | <b>\$ (9.6)</b>         | <b>\$ (46.7)</b>  |
| <b>Revenues</b>                              |                   |                   |                   |                         |                   |
| Residential                                  | \$ 1,891.5        | \$ 1,882.8        | \$ 1,918.1        | \$ 8.7                  | \$ (35.3)         |
| Commercial                                   | 588.4             | 606.2             | 674.8             | (17.8)                  | (68.6)            |
| Industrial                                   | 145.2             | 139.5             | 136.4             | 5.7                     | 3.1               |
| Off-System                                   | 42.6              | 60.7              | 192.8             | (18.1)                  | (132.1)           |
| Other                                        | 48.3              | 56.9              | 42.3              | (8.6)                   | 14.6              |
| <b>Total</b>                                 | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 2,964.4</b> | <b>\$ (30.1)</b>        | <b>\$ (218.3)</b> |
| <b>Sales and Transportation (MMDth)</b>      |                   |                   |                   |                         |                   |
| Residential                                  | 153.2             | 155.2             | 180.2             | (2.0)                   | (25.0)            |
| Commercial                                   | 121.8             | 120.4             | 134.3             | 1.4                     | (13.9)            |
| Industrial                                   | 277.9             | 255.3             | 243.2             | 22.6                    | 12.1              |
| Off-System                                   | 23.8              | 31.8              | 32.3              | (8.0)                   | (0.5)             |
| Other                                        | 0.2               | 0.3               | 0.3               | (0.1)                   | —                 |
| <b>Total</b>                                 | <b>576.9</b>      | <b>563.0</b>      | <b>590.3</b>      | <b>13.9</b>             | <b>(27.3)</b>     |
| <b>Heating Degree Days</b>                   | <b>4,262</b>      | <b>4,373</b>      | <b>5,195</b>      | <b>(111)</b>            | <b>(822)</b>      |
| <b>Normal Heating Degree Days</b>            | <b>5,134</b>      | <b>5,137</b>      | <b>5,137</b>      | <b>(3)</b>              | <b>—</b>          |
| <b>% (Warmer) Colder than Normal</b>         | <b>(17)%</b>      | <b>(15)%</b>      | <b>1 %</b>        |                         |                   |
| <b>% (Warmer) Colder than Prior Year</b>     | <b>(3)%</b>       | <b>(16)%</b>      | <b>8 %</b>        |                         |                   |
| <b>Gas Distribution Customers</b>            |                   |                   |                   |                         |                   |
| Residential                                  | 2,225,564         | 2,215,293         | 2,201,999         | 10,271                  | 13,294            |
| Commercial                                   | 188,699           | 188,561           | 188,374           | 138                     | 187               |
| Industrial                                   | 1,991             | 1,986             | 1,995             | 5                       | (9)               |
| Other                                        | 5                 | 4                 | 3                 | 1                       | 1                 |
| <b>Total</b>                                 | <b>2,416,259</b>  | <b>2,405,844</b>  | <b>2,392,371</b>  | <b>10,415</b>           | <b>13,473</b>     |

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

**Columbia Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2024 to 2023 are presented in the respective tables below.

|                                                                                  | <b>Favorable<br/>(Unfavorable)</b> |
|----------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Revenues (in millions)</b>                               | <b>2024 vs 2023</b>                |
| New rates from base rate proceedings and regulatory capital programs             | \$ 112.5                           |
| The effects of customer growth                                                   | 6.2                                |
| The effects of customer usage                                                    | 5.9                                |
| The effects of weather in 2024 compared to 2023                                  | (5.2)                              |
| Other                                                                            | (4.2)                              |
| Change in operating revenues (before cost of energy and other tracked items)     | \$ 115.2                           |
| <b>Operating revenues offset in operating expense</b>                            |                                    |
| Lower cost of energy billed to customers                                         | (130.3)                            |
| Lower tracker recoveries within operation and maintenance, depreciation, and tax | (15.0)                             |
| <b>Total change in operating revenues</b>                                        | <b>\$ (30.1)</b>                   |

**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 Columbia 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.

**Throughput**

The increase in total volumes sold and transported in 2024 compared to 2023 of 13.9 MMDth is primarily attributable to the increased industrial usage offset by off-system sales.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

**Columbia Operations (continued)**

Commodity Price Impact

Cost of energy for the Columbia Operations segment is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. All of our Columbia Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. These are tracked costs that are passed through directly to the customer, and the gas costs included in revenues are matched with the gas cost expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income. Certain Columbia 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.

|                                                                                   | <b>Favorable<br/>(Unfavorable)</b> |
|-----------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Expenses (in millions)</b>                                | <b>2024 vs 2023</b>                |
| Higher employee related expenses                                                  | \$ (47.5)                          |
| Higher depreciation and amortization expense                                      | (37.4)                             |
| Higher property tax                                                               | (17.2)                             |
| Loss on sale of assets and impairments                                            | (7.4)                              |
| Higher materials and supplies expense                                             | (7.0)                              |
| Other                                                                             | (8.3)                              |
| Change in operating expenses (before cost of energy and other tracked items)      | \$ (124.8)                         |
| <b>Operating expenses offset in operating revenue</b>                             |                                    |
| Lower cost of energy billed to customers                                          | 130.3                              |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax | 15.0                               |
| <b>Total change in operating expense</b>                                          | <b>\$ 20.5</b>                     |

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.  
NIPSCO Operations**

Financial and operational data for the NIPSCO Operations segment, which services both gas and electric customers, for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31, <i>(in millions)</i> | 2024              | 2023              | 2022              | Favorable (Unfavorable) |                   |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|
|                                              |                   |                   |                   | 2024 vs. 2023           | 2023 vs. 2022     |
| <b>NIPSCO Operations</b>                     |                   |                   |                   |                         |                   |
| <b>Operating Revenues</b>                    | <b>\$ 2,752.0</b> | <b>\$ 2,771.6</b> | <b>\$ 2,887.1</b> | <b>\$ (19.6)</b>        | <b>\$ (115.5)</b> |
| <b>Operating Expenses</b>                    |                   |                   |                   |                         |                   |
| Cost of energy                               | 617.5             | 888.3             | 1,132.1           | 270.8                   | 243.8             |
| Operation and maintenance                    | 761.4             | 787.7             | 740.4             | 26.3                    | (47.3)            |
| Depreciation and amortization                | 590.3             | 493.8             | 449.4             | (96.5)                  | (44.4)            |
| Loss on impairment of assets                 | 0.4               | —                 | —                 | (0.4)                   | —                 |
| Loss (gain) on sale of assets, net           | (1.7)             | 2.2               | —                 | 3.9                     | (2.2)             |
| Other taxes                                  | 64.3              | 57.9              | 72.1              | (6.4)                   | 14.2              |
| Total Operating Expenses                     | 2,032.2           | 2,229.9           | 2,394.0           | 197.7                   | 164.1             |
| Operating Income                             | \$ 719.8          | \$ 541.7          | \$ 493.1          | \$ 178.1                | \$ 48.6           |

| Year Ended December 31, <i>(in millions)</i> | 2024       | 2023       | 2022       | Favorable (Unfavorable) |               |
|----------------------------------------------|------------|------------|------------|-------------------------|---------------|
|                                              |            |            |            | 2024 vs. 2023           | 2023 vs. 2022 |
| NIPSCO Electric                              |            |            |            |                         |               |
| Revenues                                     |            |            |            |                         |               |
| Residential                                  | \$ 649.9   | \$ 583.9   | \$ 592.4   | \$ 66.0                 | \$ (8.5)      |
| Commercial                                   | 620.4      | 578.1      | 571.0      | 42.3                    | 7.1           |
| Industrial                                   | 500.0      | 475.0      | 561.4      | 25.0                    | (86.4)        |
| Wholesale                                    | 38.3       | 32.0       | 13.5       | 6.3                     | 18.5          |
| Other                                        | 105.0      | 116.0      | 93.4       | (11.0)                  | 22.6          |
| Total                                        | \$ 1,913.6 | \$ 1,785.0 | \$ 1,831.7 | \$ 128.6                | \$ (46.7)     |
| Sales (GWh)                                  |            |            |            |                         |               |
| Residential                                  | 3,404.9    | 3,262.9    | 3,482.9    | 142.0                   | (220.0)       |
| Commercial                                   | 3,697.9    | 3,614.2    | 3,682.4    | 83.7                    | (68.2)        |
| Industrial                                   | 7,984.8    | 7,820.3    | 7,915.3    | 164.5                   | (95.0)        |
| Wholesale                                    | 889.7      | 556.4      | 50.0       | 333.3                   | 506.4         |
| Other                                        | 85.2       | 78.9       | 89.5       | 6.3                     | (10.6)        |
| Total                                        | 16,062.5   | 15,332.7   | 15,220.1   | 729.8                   | 112.6         |
| Cooling Degree Days                          | 903        | 710        | 942        | 193                     | (232)         |
| Normal Cooling Degree Days                   | 852        | 831        | 831        | 21                      | —             |
| % Warmer (Colder) than Normal                | 6 %        | (15)%      | 13 %       |                         |               |
| % Warmer (Colder) than prior year            | 27 %       | (25)%      | (8)%       |                         |               |
| NIPSCO Electric Customers                    |            |            |            |                         |               |
| Residential                                  | 430,648    | 427,217    | 424,735    | 3,431                   | 2,482         |
| Commercial                                   | 59,214     | 58,779     | 58,374     | 435                     | 405           |
| Industrial                                   | 2,121      | 2,126      | 2,130      | (5)                     | (4)           |
| Wholesale                                    | 705        | 708        | 710        | (3)                     | (2)           |
| Other                                        | 2          | 3          | 3          | (1)                     | —             |
| Total                                        | 492,690    | 488,833    | 485,952    | 3,857                   | 2,881         |



**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.  
NIPSCO Operations**

| Favorable (Unfavorable)                  |          |          |            |               |               |
|------------------------------------------|----------|----------|------------|---------------|---------------|
| Year Ended December 31, (in millions)    | 2024     | 2023     | 2022       | 2024 vs. 2023 | 2023 vs. 2022 |
| NIPSCO Gas                               |          |          |            |               |               |
| Revenues                                 |          |          |            |               |               |
| Residential                              | \$ 540.9 | \$ 634.9 | \$ 691.5   | \$ (94.0)     | \$ (56.6)     |
| Commercial                               | 202.4    | 249.1    | 267.6      | (46.7)        | (18.5)        |
| Industrial                               | 79.0     | 86.9     | 85.1       | (7.9)         | 1.8           |
| Other                                    | 16.1     | 15.7     | 11.2       | 0.4           | 4.5           |
| Total                                    | \$ 838.4 | \$ 986.6 | \$ 1,055.4 | \$ (148.2)    | \$ (68.8)     |
| Sales and Transportation Volumes (MMDth) |          |          |            |               |               |
| Residential                              | 58.2     | 60.3     | 68.8       | (2.1)         | (8.5)         |
| Commercial                               | 42.5     | 43.9     | 47.0       | (1.4)         | (3.1)         |
| Industrial                               | 256.8    | 261.8    | 247.5      | (5.0)         | 14.3          |
| Total                                    | 357.5    | 366.0    | 363.3      | (8.5)         | 2.7           |
| Heating Degree Days                      | 4,975    | 5,198    | 6,133      | (223)         | (935)         |
| Normal Heating Degree Days               | 6,001    | 5,954    | 5,985      | 47            | (31)          |
| % (Warmer) Colder than Normal            | (17)%    | (13)%    | 2 %        |               |               |
| % (Warmer) Colder than prior year        | (4)%     | (15)%    | 10 %       |               |               |
| NIPSCO Gas Customers                     |          |          |            |               |               |
| Residential                              | 801,740  | 795,656  | 789,914    | 6,084         | 5,742         |
| Commercial                               | 66,633   | 66,305   | 66,062     | 328           | 243           |
| Industrial                               | 2,734    | 2,808    | 2,875      | (74)          | (67)          |
| Total                                    | 871,107  | 864,769  | 858,851    | 6,338         | 5,918         |

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.**

**NIPSCO Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2024 to 2023 are presented in the respective tables below.

|                                                                                                                                | <b>Favorable<br/>(Unfavorable)</b> |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Revenues (in millions)</b>                                                                             | <b>2024 vs 2023</b>                |
| New rates from base rate proceedings, regulatory capital, and DSM programs                                                     | \$ 238.4                           |
| Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss) | 17.5                               |
| The effects of customer usage                                                                                                  | 11.9                               |
| The effects of customer growth                                                                                                 | 11.2                               |
| Decreased fuel handling costs                                                                                                  | 9.7                                |
| Other                                                                                                                          | (6.2)                              |
| Change in operating revenues (before cost of energy and other tracked items)                                                   | \$ 282.5                           |
| <b>Operating revenues offset in operating expense</b>                                                                          |                                    |
| Lower cost of energy billed to customers                                                                                       | (270.8)                            |
| Lower tracker deferrals within operation and maintenance, depreciation and tax                                                 | (32.4)                             |
| Reduction in gross receipts tax, offset in operating expenses                                                                  | 1.1                                |
| <b>Total change in operating revenues</b>                                                                                      | <b>\$ (19.6)</b>                   |

**Weather**

The results of operations for the NIPSCO Operations segment include income from both electric and gas service lines. In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days and normal heating degree days, net of weather normalization mechanisms. Our composite cooling and heating degree days reported do not directly correlate to the weather-related dollar impact on the results of NIPSCO Operations. Cooling and 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 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 cooling and heating degree day comparison.

**Sales**

The increase in total volumes sold to electric customers for twelve months ended December 31, 2024 compared to the same period in 2023 was primarily attributable to increased usage by wholesale, industrial, and residential customers. NIPSCO Electric results remains closely linked to the performance of the steel industry. MWh sales to steel-related industries accounted for approximately 49.4% and 49.6% of the total industrial MWh sales for the years ended December 31, 2024 and 2023, respectively.

The decrease in total volumes sold to gas customers for the twelve months ended December 31, 2024 compared to the same period in 2023 was primarily attributable to decreased usage by industrial customers.

**Commodity Price Impact**

Cost of energy for the NIPSCO Operations segment's electric activities is principally comprised of the cost of coal, natural gas purchased for internal generation of electricity, transportation of coal and natural gas, and the cost of power purchased from generators of electricity for its generation and transmission activities. For its gas distribution activities, NIPSCO Operations' cost of energy is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. NIPSCO Operations has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred costs of energy. The majority of these costs of energy are passed through directly to the customer, and the costs of energy included in operating revenues are matched with the cost of energy expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.**

**NIPSCO Operations (continued)**

as under-recovered or over-recovered fuel and gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

| <b>Changes in Operating Expenses (in millions)</b>                                              | <b>Favorable<br/>(Unfavorable)</b> |
|-------------------------------------------------------------------------------------------------|------------------------------------|
| <b>2024 vs 2023</b>                                                                             |                                    |
| Higher depreciation and amortization expense driven by new base rates                           | \$ (91.1)                          |
| Higher employee and administrative expenses                                                     | (21.8)                             |
| Higher outside services expenses                                                                | (8.6)                              |
| Higher environmental remediation costs                                                          | (4.7)                              |
| Lower materials and supplies                                                                    | 8.9                                |
| Renewable Joint Venture operating expense, partially offset by Joint Venture operating revenues | 7.6                                |
| Other                                                                                           | 5.3                                |
| Change in operating expenses (before cost of energy and other tracked items)                    | \$ (104.4)                         |
| <b>Operating expenses offset in operating revenue</b>                                           |                                    |
| Lower cost of energy billed to customers                                                        | 270.8                              |
| Higher tracker deferrals within operation and maintenance, depreciation and tax                 | 32.4                               |
| Reduction in gross receipts tax, offset in operating revenues                                   | (1.1)                              |
| <b>Total change in operating expense</b>                                                        | <b>\$ 197.7</b>                    |

**Electric Supply and Generation Transition**

NIPSCO continues to execute on an electric generation transition consistent with the 2018 Plan and 2021 Plan and maintained in the 2024 Plan, which outlines the path to retire the remaining two coal units at R.M. Schahfer by the end of 2025 and the remaining coal-fired generation at Michigan City by the end of 2028, to be replaced by lower-cost, reliable and cleaner options. See "Liquidity and Capital Resources" in this Management's Discussion for additional information on our capital investment spend.

NIPSCO continues to await EPA decision on an administrative approval associated with the operation of R.M. Schahfer's remaining two coal units, which are expected to be retired by the end of 2025. In the event that the approval is not obtained, future operations could be impacted. We cannot estimate the financial impact on us if this approval is not obtained. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

The current replacement plan primarily includes renewable sources of energy, including wind, solar, battery storage, and flexible natural gas resources to be obtained through a combination of NIPSCO ownership and PPAs. NIPSCO has sold, and may in the future sell, renewable energy credits from its renewable generation to third parties to offset customer costs. 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.

Since 2020, two wind PPA projects and six owned projects (two wind, two solar and two solar plus storage) have been placed into service totaling 2,201 MW of nameplate capacity, including Dunns Bridge II which was placed into service in January 2025. NIPSCO has executed commercial agreements for each of the six remaining identified projects. Fairbanks, Gibson, Green River, Appleseed and Carpenter have received IURC approval. The Templeton Wind project previously received approval as a PPA, however, NIPSCO has contracted with a developer to convert the PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In January 2024, the IURC approved increases to the project costs as well as the full ownership of Cavalry and Dunns Bridge II. In August 2024, the IURC approved full ownership of Gibson and Fairbanks as well as increases to the cost of the Fairbanks project. In October 2024, the IURC approved the CPCN for NIPSCO's planned gas peaking facility to be located at the R.M. Schahfer Generating Station. See "Executive Summary - Energy Transition" in this Management's

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

**NIPSCO Operations (continued)**

Discussion for additional information. We expect our remaining contracted BTA and PPA projects to be placed in service between 2025 and 2027.

| <b>Remaining Renewables Projects</b> | <b>Transaction Type</b> | <b>Technology</b> | <b>Nameplate Capacity (MW)</b> | <b>Storage Capacity (MW)</b> |
|--------------------------------------|-------------------------|-------------------|--------------------------------|------------------------------|
| Fairbanks                            | BTA                     | Solar             | 250                            | —                            |
| Gibson                               | BTA                     | Solar             | 200                            | —                            |
| Templeton                            | BTA <sup>(1)</sup>      | Wind              | 200                            | —                            |
| Green River                          | 20 year PPA             | Solar             | 200                            | —                            |
| Appleseed                            | 20 year PPA             | Solar             | 200                            | —                            |
| Carpenter                            | 20 year PPA             | Wind              | 200                            | —                            |

<sup>(1)</sup> Pending regulatory approval.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

**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 \$1.85 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. Sources of financing activities for the current year are as follows:

- On December 31, 2023, we consummated the NIPSCO Minority Interest Transaction in exchange for a capital contribution of \$2.16 billion in cash.
- On January 3, 2024, we applied the proceeds from the NIPSCO Minority Interest Transaction and repaid in full our \$1.0 billion term credit agreement and our \$650.0 million term credit agreement.
- On February 22, 2024, we entered into an ATM equity program that provides an opportunity to issue and sell shares of our common stock up to an aggregate issuance of \$900.0 million through December 31, 2025. As of December 31, 2024, the ATM program had approximately \$297.7 million of equity available for issuance.
- On March 14, 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.
- On March 15, 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total.
- On May 16, 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs.
- On June 24, 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- On September 9, 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs.

See Note 4, "Noncontrolling Interests," Note 6, "Equity," Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for more information.

We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2025 and beyond.

**Operating Activities**

Net cash from operating activities for the year ended December 31, 2024 was \$1,781.5 million, a decrease of \$153.6 million from 2023. This decrease in cash from operating activities was primarily driven by year over year change in accounts receivable collections and exchange gas receivables due to the impact of lower gas prices, offset by a year over year increase in revenue, net of cost of energy and higher accounts payables due to increased gas purchases.

**Investing Activities**

Net cash used for investing activities for the year ended December 31, 2024 was \$3,213.0 million, a decrease of \$358.6 million from 2023. Lower current year investing activities were primarily driven by lower milestone payments to renewable generation asset developers for certain of our BTA projects in 2024 compared to 2023.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

**Capital Expenditures.** The table below reflects actual capital expenditures and certain other investing activities by segment for 2024.

| <i>(in millions)</i>                                        | <b>Actual<br/>2024</b> |
|-------------------------------------------------------------|------------------------|
| Columbia Operations                                         |                        |
| System Growth and Tracker                                   | \$ 923.0               |
| Maintenance                                                 | 286.0                  |
| Total Columbia Operations                                   | 1,209.0                |
| NIPSCO Operations                                           |                        |
| System Growth and Tracker                                   | 754.0                  |
| Maintenance                                                 | 492.0                  |
| Generation Transition Investments                           | 1,006.4                |
| Total NIPSCO Operations                                     | 2,252.4                |
| Corporate and Other Operations - Maintenance <sup>(1)</sup> | 231.1                  |
| Total Capital Expenditures <sup>(2)</sup>                   | \$ 3,692.5             |

<sup>(1)</sup> Certain amounts may subsequently be allocated out of Corporate and Other Maintenance Costs to the Columbia Operations and NIPSCO Operations segments when placed in service.

<sup>(2)</sup> Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.

In addition to these capital expenditures, we made \$29.0 million of advanced deposits for project costs related to the construction of the R.M. Schahfer gas peaker as part of our generation transition and invested \$65.7 million in deferred cloud computing costs in 2024. We also made \$454.2 million of capital investments in the form of milestone payments to the renewable generation asset developers in 2023 that were recognized in capital expenditures in 2024.

We expect to make capital investments totaling approximately \$19.4 billion during the 2025-2029 period related to infrastructure modernization, generation transition and customer growth. This forecast incorporates an estimated \$1.6 billion of additional investment in renewable generation projects.

| <i>(in billions)</i> | <b>2024 Actual</b> | <b>2025<br/>Estimated</b> | <b>2026<br/>Estimated</b> | <b>2027<br/>Estimated</b> | <b>2028<br/>Estimated</b> | <b>2029<br/>Estimated</b> |
|----------------------|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Capital Investments  | \$3.3              | \$4.0 - 4.3               | \$3.4 - 3.7               | \$3.6 - 3.9               | \$3.7 - 4.0               | \$3.8 - 4.1               |

**Regulatory Capital Programs.** We are in the process of upgrading and modernizing our electric system to enhance safety and reliability by addressing aged infrastructure and deploying advanced grid technologies. We are also upgrading and modernizing our gas infrastructure to enhance safety and reliability by reducing leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2024, we continued 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.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally mandated compliance investments:

(in millions)

| Company                                          | Program          | Capital Investment | Investment Period | Filing Date | Costs Covered <sup>(1)</sup>                                                                                                                                                                           |
|--------------------------------------------------|------------------|--------------------|-------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Approved</b>                                  |                  |                    |                   |             |                                                                                                                                                                                                        |
| Columbia of Pennsylvania <sup>(2)</sup>          | DSIC - Q4 2024   | \$ 180.1           | 2/24-8/24         | 9/20/2024   | Eligible project costs including piping, couplings, gas service lines, excess flow valves, risers, meter bars, meters, and other related capitalized investments to improve the distribution system.   |
| Columbia of Ohio                                 | IRP - 2024       | \$ 753.5           | 4/21-12/23        | 2/26/2024   | Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.                                                                                                  |
| Columbia of Ohio                                 | PHMSA IRP - 2024 | \$ 14.6            | 1/23-12/23        | 2/28/2024   | Investments necessary to comply with the PHMSA Mega Rule.                                                                                                                                              |
| Columbia of Ohio                                 | CEP - 2024       | \$ 763.3           | 4/21-12/23        | 2/26/2024   | Assets not included in the IRP or PHMSA IRP.                                                                                                                                                           |
| Columbia of Virginia                             | SAVE - 2025      | \$ 89.0            | 10/24-12/25       | 8/15/2024   | Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions. Includes costs associated with Advanced Leak Detection and Repair. |
| Columbia of Kentucky                             | SMRP - 2024      | \$ 81.9            | 1/23-12/24        | 10/13/2023  | Replacement of mains and inclusion of system safety investments.                                                                                                                                       |
| NIPSCO - Electric                                | TDSIC - 5        | \$ 346.9           | 7/22-3/24         | 5/28/2024   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Gas                                     | TDSIC - 8        | \$ 8.3             | 1/23-2/24         | 4/30/2024   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Gas                                     | FMCA - 3         | \$ 27.0            | 1/23-6/24         | 8/27/2024   | Project costs to comply with federal mandates.                                                                                                                                                         |
| <b>Pending Commission Approval<sup>(3)</sup></b> |                  |                    |                   |             |                                                                                                                                                                                                        |
| Columbia of Kentucky <sup>(4)</sup>              | SMRP - 2025      | \$ 128.5           | 1/23-12/25        | 10/15/2024  | Replacement of mains and inclusion of system safety investments.                                                                                                                                       |
| NIPSCO - Electric                                | TDSIC - 6        | \$ 555.0           | 7/22-9/24         | 11/26/2024  | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Electric <sup>(5)</sup>                 | GCT - 1          | \$ 149.9           | 9/23-10/25        | 12/16/2024  | New gas peaker generation project costs forecasted through the requested billing period May – Oct. 2025.                                                                                               |

<sup>(1)</sup>Programs do not include any costs already included in base rates.

<sup>(2)</sup>Rate decreased to zero on December 14, 2024 with the implementation of new base rates resulting from Columbia of Pennsylvania's 2024 Rate Case.

<sup>(3)</sup>On July 30, 2024, CMD filed an application for approval of a new five-year STRIDE. On December 30, 2024, the filing was withdrawn.

<sup>(4)</sup>Rates went into effect January 2, 2025, subject to refund.

<sup>(5)</sup>Capital investment is based off of a projected amount. The capital investment has not all been incurred to date and represents a forecasted average for the billing period.

Refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a further discussion of regulatory developments during 2024.

**Financing Activities**

**Common Stock, Preferred Stock and Equity Unit Sale.** Refer to Note 6, "Equity," in the Notes to Consolidated Financial Statements for information on common stock, preferred stock and equity units activity.

**Short-term Debt.** Refer to Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

**Long-term Debt.** Refer to Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

**Non-controlling Interest.** Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

**Sources of Liquidity**

The following table displays our liquidity position as of December 31, 2024 and 2023:

| Year Ended December 31, (in millions)               | 2024              | 2023              |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Current Liquidity</b>                            |                   |                   |
| Revolving Credit Facility                           | \$ 1,850.0        | \$ 1,850.0        |
| Accounts Receivable Programs <sup>(1)</sup>         | 175.0             | 383.9             |
| <i>Less:</i>                                        |                   |                   |
| Commercial Paper                                    | 604.6             | 1,061.0           |
| Accounts Receivable Programs Utilized               | —                 | 337.6             |
| Letters of Credit Outstanding Under Credit Facility | 9.4               | 9.9               |
| <i>Add:</i>                                         |                   |                   |
| Cash and Cash Equivalents                           | 156.6             | 2,245.4           |
| <b>Net Available Liquidity</b>                      | <b>\$ 1,567.6</b> | <b>\$ 3,070.8</b> |

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

**Debt Covenants.** We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

**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 NIPSCO's credit ratings and ratings outlook as of December 31, 2024. There have been no changes to our credit ratings or outlooks since February 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  |
| 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 ratings or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2024, a collateral requirement of approximately \$115.5 million would be required in the event of a downgrade below investment grade. 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 770,000,000 shares, \$0.01 par value, of which 750,000,000 are common stock and 20,000,000 are preferred stock. As of December 31, 2024, 469,822,472 shares of common stock were outstanding. For more information regarding our common and preferred stock, see Note 6, "Equity," in the Notes to Consolidated Financial Statements.

**Contractual Obligations, Cash Requirements and Off-Balance Sheet Arrangements**

We have certain contractual obligations requiring payments at specified periods. Our material cash requirements are detailed below. We intend to use funds from the liquidity sources referenced above to meet these cash requirements.

At December 31, 2024, we had \$13,355.7 million in long-term debt, of which \$1,281.2 million is current and \$604.6 million in short-term borrowings outstanding.

During 2025 and 2026, we expect to make cash payments of \$685.5 million and \$631.2 million, respectively, related to pipeline service obligations including demand for gas transportation, gas storage and gas purchases, and \$140.5 million and \$24.9 million, respectively, for long lead time items related to plant equipment purchases.



**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

Our expected payments include employer contributions to pension and other postretirement benefits plans expected to be made in 2025. Plan contributions beyond 2025 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2025, we expect to make contributions of approximately \$2.3 million to our pension plans and approximately \$21.3 million to our postretirement medical and life plans. Refer to Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to certain of our long-term obligations classified as "Total Other Liabilities" on the Consolidated Balance Sheets.

We have uncertain income tax positions for which we are unable to predict when the matters will be resolved. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to Consolidated Financial Statements for additional information.

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

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information regarding our contractual obligations over the next 5 years and thereafter and our off-balance sheet 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**

Our gas and electric subsidiaries have commodity price risk primarily related to the purchases of 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 and does not bear significant exposure to earnings risk, since our current regulatory mechanisms allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. These changes are included in the GCA and FAC regulatory rate-recovery mechanisms. If these mechanisms were to be adjusted or eliminated, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. For additional information, see "Results and Discussion of Operations" in this Management's Discussion.

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 13, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2024 and 2023.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

**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, and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$7.9 million and \$18.9 million for 2024 and 2023, 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 long-term debt issuances. From time to time, we may enter into forward interest rate instruments to lock in long term interest costs and/ or rates.

**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 Management Policy which establishes guidelines for documenting management approval levels for credit limits, evaluating 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.

The financial status of our banking partners is periodically assessed through traditional credit ratings provided by major credit rating agencies.

**Other Information**

**Critical Accounting Estimates**

We apply certain accounting policies in accordance with GAAP, which require that we make estimates and judgments that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe the following represent the more significant items requiring the use of judgment in preparing our Consolidated Financial Statements:

***Basis of Accounting for Rate-Regulated Subsidiaries.*** ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be billed and collected. Accordingly, certain expenses and credits subject to utility regulation or rate determination normally reflected in income may be deferred on the Consolidated Balance Sheets and recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. For additional information, refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. If we determine that the amounts included as regulatory assets are no longer probable of recovery, a charge to income would immediately be required to the extent of the unrecoverable amounts.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NI SOURCE INC.**

One of the more significant items recorded through the application of this accounting guidance is the regulatory overlay for JV accounting. The application of HLBV to consolidated VIEs generally results in the recognition of profit from the related JVs over a time frame that is different from when the regulatory return is earned. In accordance with the principles of ASC 980, we have recognized a regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. For additional information, refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," in the Notes to Consolidated Financial Statements.

***Pension and Postretirement Benefits.*** We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. For measurement of 2024 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.02% and 7.06% for our pension and other postretirement benefit plan assets, respectively. For measurement of 2025 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.30% and 7.09 % respectively, for our pension and other postretirement benefit plan assets.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We utilize a full yield curve approach to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements.

Typically, we use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations. We adopted Aon's U.S. Endemic Mortality Improvement scale MP-2021, accounting for both the near-term and long-term COVID-19 impacts.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

| Change in Assumptions ( <i>in millions</i> ) | Impact on December 31, 2024 Projected Benefit Obligation Increase/(Decrease) |                               |
|----------------------------------------------|------------------------------------------------------------------------------|-------------------------------|
|                                              | Pension Benefits                                                             | Other Postretirement Benefits |
| +50 basis points change in discount rate     | \$ (44.9)                                                                    | \$ (18.8)                     |
| -50 basis points change in discount rate     | 48.2                                                                         | 20.4                          |

| Change in Assumptions ( <i>in millions</i> )                                | Impact on 2024 Expense Increase/(Decrease) <sup>(1)</sup> |                               |
|-----------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
|                                                                             | Pension Benefits                                          | Other Postretirement Benefits |
| +50 basis points change in discount rate                                    | \$ (1.6)                                                  | \$ 0.3                        |
| -50 basis points change in discount rate                                    | 1.6                                                       | 0.4                           |
| +50 basis points change in expected long-term rate of return on plan assets | (6.8)                                                     | (1.2)                         |
| -50 basis points change in expected long-term rate of return on plan assets | 6.8                                                       | 1.2                           |

<sup>(1)</sup>Before labor capitalization and regulatory deferrals.

**Goodwill and Other Intangible Assets.** We have six goodwill reporting units, comprised of the six state operating companies within both the Columbia Operations and NIPSCO Operations reportable segments. Our goodwill assets at December 31, 2024 were \$1,485.9 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2024. A quantitative ("step 1") test was completed on May 1, 2024 for all reporting units. Consistent with our historical impairment testing of goodwill, fair value of the reporting units was determined based on a weighting of income and market approaches. These approaches require significant judgments including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit, U.S. Treasury interest rates and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The Step 1 analysis performed indicated that the fair value of each of the reporting units exceeds their carrying value. As a result, no impairment charges were recorded. See Note 10, "Goodwill," in the Notes to Consolidated Financial Statements for information regarding our 2024 analyses and assumptions.

**Unbilled Revenue.** We record utility operating revenues when energy is delivered to our customers. However, the determination of energy sales to individual customers is based upon the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and corresponding unbilled revenues are calculated. This unbilled revenue is estimated each month based upon historical usage, customer rates and weather. As of December 31, 2024, we recorded \$408.1 million of customer accounts receivable for unbilled revenue. Significant fluctuations in energy demand for the unbilled period or changes in the composition of customer classes could impact the accuracy of the unbilled revenue estimate. Refer to Note 3, "Revenue Recognition," in the Notes to Consolidated Financial Statements for additional information regarding our significant judgments and estimates related to unbilled revenue recognition.

**Income Taxes.** The consolidated income tax provision and deferred income tax assets and liabilities, as well as any unrecognized tax benefits and valuation allowances, require use of estimates and significant management judgement. Although we believe that current estimates for deferred tax assets and liabilities are reasonable, actual results could differ from these estimates for a variety of reasons, including reasonable projections of taxable income, the ability and intent to implement tax planning strategies if necessary, and interpretations of applicable tax laws and regulations across multiple taxing jurisdictions.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

We account for uncertain income tax positions using a benefit recognition model with a two-step approach including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. We evaluate each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of tax benefits to be recorded in the consolidated financial statements. At December 31, 2024 and 2023, we had \$21.7 million of unrecognized tax benefits. Changes in these unrecognized tax benefits may result from remeasurement of amounts expected to be realized, settlements with tax authorities and expiration of statutes of limitations.

On a quarterly basis, we evaluate our deferred tax assets by considering current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. Failure to achieve forecasted taxable income or successfully implement tax planning strategies may affect the realization of deferred tax assets. We establish a valuation allowance when we conclude it is more likely than not that all, or a portion, of a deferred tax asset will not be realized in future periods. Significant judgment is required to determine the amount of tax benefits expected to be realized. At December 31, 2024 and 2023, we had established \$6.4 million and \$6.4 million, respectively, of valuation allowances (net of federal benefit) related to certain state net operating loss carryforwards. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information.

**Recently Issued Accounting Pronouncements**

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**NISOURCE INC.**

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Regulatory Matters - Impact of Rate Regulation on the Financial Statements – Refer to Notes 1, 9, and 12 to the financial statements***

*Critical Audit Matter Description*

The Company's primary subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company's subsidiaries' rates are determined and approved in regulatory proceedings based on an analysis of the subsidiaries' costs to provide utility service and a return on, and recovery of, the subsidiaries' investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The respective commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the commission in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the commission will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified the impact of rate regulation, specifically certain regulatory assets and liabilities at the Company's Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc. subsidiaries, as a critical audit matter due to the significant judgments made by management to support its assertions about certain account balances and the significant degree of subjectivity involved in assessing the likelihood of recovery of incurred costs in current or future rates due in part to uncertainty related to future decisions by the rate regulators. This required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities and a significant degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's conclusions.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation related to the uncertainty of future decisions by the rate regulators, specifically the Indiana Utility Regulatory Commission (IURC) and the Public Utility Commission of Ohio (PUCO), included the following, among others:

- We tested the effectiveness of management's controls over (1) the evaluation of the likelihood of (a) the recovery of costs deferred as regulatory assets in future periods, and (b) regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates; and (2) the evaluation of Hypothetical Liquidation Book Value (HLBV) accounting for the company's Renewable Joint Ventures and its impact on the Company's regulatory liability.
- We evaluated Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc.'s disclosures related to the financial statement impacts of rate regulation.
- We read relevant regulatory orders issued by the IURC and the PUCO, including regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or a future reduction in rates based on precedents of the commissions' treatment of similar costs under similar circumstances. We evaluated this external information and compared to management's recorded regulatory asset and liability balances for completeness, including the implementation of new rate orders at Northern Indiana Public Service Company LLC's gas business.
- We inspected minutes of the boards of directors for discussions of changes in legal, regulatory, or business factors which could impact management's conclusions with respect to the financial statement impacts of rate regulation.
- For the Northern Indiana Public Service Company LLC electric base rate case proceeding that is in-process, we inspected the Company's and intervenors' filings with the commission that may impact the Company's future rates, for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned with an emphasis on the generation strategy related to Northern Indiana Public Service Company LLC's R.M. Schahfer and Michigan City Generating Stations. We inspected minutes of the board of directors and regulatory orders and other filings with the IURC to identify evidence that may contradict management's assertion regarding probability of an abandonment.



ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

- We read the relevant regulatory orders issued by the IURC for the Company's renewable energy investments. We evaluated the appropriateness of recognizing a regulatory liability representing timing differences between the profit allocated under the HLBV method related to the consolidated joint ventures and the allowed earnings included in regulatory rates. We also evaluated the appropriateness of the offset to the regulatory liability recorded in depreciation expense.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 12, 2025

We have served as the Company's auditor since 2002.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
STATEMENTS OF CONSOLIDATED INCOME

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2024       | 2023       | 2022       |
|------------------------------------------------------------------------|------------|------------|------------|
| <b>Operating Revenues</b>                                              |            |            |            |
| Customer revenues                                                      | \$ 5,282.9 | \$ 5,347.8 | \$ 5,738.6 |
| Other revenues                                                         | 172.2      | 157.6      | 112.0      |
| Total Operating Revenues                                               | 5,455.1    | 5,505.4    | 5,850.6    |
| <b>Operating Expenses</b>                                              |            |            |            |
| Cost of energy                                                         | 1,132.2    | 1,533.3    | 2,110.5    |
| Operation and maintenance                                              | 1,515.2    | 1,494.9    | 1,489.4    |
| Depreciation and amortization                                          | 1,043.2    | 908.2      | 820.8      |
| Loss on impairment of assets                                           | 6.1        | —          | —          |
| Loss (gain) on sale of assets, net                                     | 2.9        | 2.9        | (104.2)    |
| Other taxes                                                            | 300.0      | 270.6      | 268.3      |
| Total Operating Expenses                                               | 3,999.6    | 4,209.9    | 4,584.8    |
| <b>Operating Income</b>                                                | 1,455.5    | 1,295.5    | 1,265.8    |
| <b>Other Income (Deductions)</b>                                       |            |            |            |
| Interest expense, net                                                  | (517.2)    | (489.6)    | (361.6)    |
| Other, net                                                             | 64.5       | 8.0        | 52.2       |
| Total Other Deductions, Net                                            | (452.7)    | (481.6)    | (309.4)    |
| <b>Income before Income Taxes</b>                                      | 1,002.8    | 813.9      | 956.4      |
| <b>Income Taxes</b>                                                    | 158.1      | 139.5      | 164.6      |
| <b>Net Income</b>                                                      | 844.7      | 674.4      | 791.8      |
| Net income (loss) attributable to noncontrolling interest              | 84.3       | (39.9)     | (12.3)     |
| <b>Net Income attributable to NiSource</b>                             | 760.4      | 714.3      | 804.1      |
| Preferred dividends                                                    | (6.7)      | (42.8)     | (55.1)     |
| Preferred redemption premium                                           | (14.0)     | (9.8)      | —          |
| <b>Net Income Available to Common Shareholders</b>                     | \$ 739.7   | \$ 661.7   | \$ 749.0   |
| <b>Earnings Per Share</b>                                              |            |            |            |
| Basic Earnings Per Share                                               | \$ 1.63    | \$ 1.59    | \$ 1.84    |
| Diluted Earnings Per Share                                             | \$ 1.62    | \$ 1.48    | \$ 1.70    |
| <b>Basic Average Common Shares Outstanding</b>                         | 454.2      | 416.1      | 407.1      |
| <b>Diluted Average Common Shares</b>                                   | 456.0      | 447.9      | 442.7      |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSOURCE INC.**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

| Year Ended December 31, <i>(in millions, net of taxes)</i>                 | 2024            | 2023            | 2022            |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Net Income                                                                 | \$ 844.7        | \$ 674.4        | \$ 791.8        |
| Other comprehensive income:                                                |                 |                 |                 |
| Net unrealized gain (loss) on available-for-sale securities <sup>(1)</sup> | 3.3             | 3.9             | (13.3)          |
| Net unrealized (loss) gain on cash flow hedges <sup>(2)</sup>              | (0.4)           | (0.2)           | 109.9           |
| Unrecognized pension and OPEB benefit (costs) <sup>(3)</sup>               | 0.3             | (0.2)           | (6.9)           |
| Total other comprehensive income                                           | 3.2             | 3.5             | 89.7            |
| <b>Total Comprehensive Income</b>                                          | <b>\$ 847.9</b> | <b>\$ 677.9</b> | <b>\$ 881.5</b> |

<sup>(1)</sup> Net unrealized gain (loss) on available-for-sale securities, net of \$0.9 million tax expense, \$1.0 million tax expense and \$3.5 million tax benefit in 2024, 2023 and 2022, respectively.

<sup>(2)</sup> Net unrealized (loss) gain on derivatives qualifying as cash flow hedges, net of \$0.1 million tax benefit, \$0.1 million tax benefit and \$36.4 million tax expense in 2024, 2023 and 2022, respectively.

<sup>(3)</sup> Unrecognized pension and OPEB benefit (costs), net of \$0.3 million tax expense, \$0.1 million tax benefit and \$2.3 million tax benefit in 2024, 2023 and 2022, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
CONSOLIDATED BALANCE SHEETS

| <i>(in millions)</i>                                                                                                                    | December 31,<br>2024 | December 31,<br>2023 |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                           |                      |                      |
| <b>Property, Plant and Equipment</b>                                                                                                    |                      |                      |
| Plant                                                                                                                                   | \$ 34,152.9          | \$ 30,482.1          |
| Accumulated depreciation and amortization                                                                                               | (8,699.0)            | (8,207.2)            |
| Net Property, Plant and Equipment <sup>(1)</sup>                                                                                        | 25,453.9             | 22,274.9             |
| <b>Investments and Other Assets</b>                                                                                                     |                      |                      |
| Unconsolidated affiliates                                                                                                               | 6.5                  | 5.3                  |
| Available-for-sale debt securities (amortized cost of \$91.9 and \$169.0, allowance for credit losses of \$0.1 and \$0.6, respectively) | 86.7                 | 159.1                |
| Other investments                                                                                                                       | 85.5                 | 82.7                 |
| Total Investments and Other Assets                                                                                                      | 178.7                | 247.1                |
| <b>Current Assets</b>                                                                                                                   |                      |                      |
| Cash and cash equivalents                                                                                                               | 156.6                | 2,245.4              |
| Restricted cash                                                                                                                         | 42.0                 | 35.7                 |
| Accounts receivable                                                                                                                     | 987.9                | 884.9                |
| Allowance for credit losses                                                                                                             | (23.7)               | (22.9)               |
| Accounts receivable, net                                                                                                                | 964.2                | 862.0                |
| Gas storage                                                                                                                             | 179.6                | 265.8                |
| Materials and supplies, at average cost                                                                                                 | 173.3                | 172.1                |
| Electric production fuel, at average cost                                                                                               | 36.2                 | 65.3                 |
| Exchange gas receivable                                                                                                                 | 45.7                 | 66.0                 |
| Regulatory assets                                                                                                                       | 319.9                | 214.3                |
| Deposits to renewable generation asset developer                                                                                        | —                    | 454.2                |
| Prepayments                                                                                                                             | 138.5                | 105.5                |
| Other current assets                                                                                                                    | 24.2                 | 13.1                 |
| Total Current Assets <sup>(1)</sup>                                                                                                     | 2,080.2              | 4,499.4              |
| <b>Other Assets</b>                                                                                                                     |                      |                      |
| Regulatory assets                                                                                                                       | 2,157.4              | 2,245.9              |
| Goodwill                                                                                                                                | 1,485.9              | 1,485.9              |
| Deferred charges and other                                                                                                              | 432.0                | 324.0                |
| Total Other Assets                                                                                                                      | 4,075.3              | 4,055.8              |
| <b>Total Assets</b>                                                                                                                     | <b>\$ 31,788.1</b>   | <b>\$ 31,077.2</b>   |

<sup>(1)</sup>Includes \$1,323.8 million and \$1,369.8 million in 2024 and 2023, respectively, of net property, plant and equipment assets, \$65.0 million and \$63.6 million in 2024 and 2023, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
CONSOLIDATED BALANCE SHEETS

| <i>(in millions, except share amounts)</i>                                                                                   | December 31,<br>2024 | December 31,<br>2023 |
|------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                        |                      |                      |
| <b>Capitalization</b>                                                                                                        |                      |                      |
| Stockholders' Equity                                                                                                         |                      |                      |
| Common stock - \$0.01 par value, 750,000,000 shares authorized; 469,822,472 and 447,381,671 shares outstanding, respectively | \$ 4.7               | \$ 4.5               |
| Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 0 and 40,000 shares outstanding, respectively              | —                    | 486.1                |
| Treasury stock                                                                                                               | (99.9)               | (99.9)               |
| Additional paid-in capital                                                                                                   | 9,521.5              | 8,879.5              |
| Retained deficit                                                                                                             | (711.7)              | (967.0)              |
| Accumulated other comprehensive loss                                                                                         | (30.4)               | (33.6)               |
| Total NiSource Stockholders' Equity                                                                                          | 8,684.2              | 8,269.6              |
| Noncontrolling interest in consolidated subsidiaries                                                                         | 1,984.1              | 1,866.7              |
| Total Stockholders' Equity                                                                                                   | 10,668.3             | 10,136.3             |
| Long-term debt, excluding amounts due within one year                                                                        | 12,074.5             | 11,055.5             |
| Total Capitalization                                                                                                         | 22,742.8             | 21,191.8             |
| <b>Current Liabilities</b>                                                                                                   |                      |                      |
| Current portion of long-term debt                                                                                            | 1,281.2              | 23.8                 |
| Short-term borrowings                                                                                                        | 604.6                | 3,048.6              |
| Accounts payable                                                                                                             | 863.1                | 749.4                |
| Customer deposits and credits                                                                                                | 268.8                | 294.4                |
| Taxes accrued                                                                                                                | 173.4                | 166.2                |
| Interest accrued                                                                                                             | 157.0                | 136.1                |
| Asset retirement obligations                                                                                                 | 84.6                 | 72.5                 |
| Exchange gas payable                                                                                                         | 91.8                 | 50.5                 |
| Regulatory liabilities                                                                                                       | 150.5                | 278.6                |
| Accrued compensation and employee benefits                                                                                   | 268.2                | 227.6                |
| Other accruals                                                                                                               | 170.2                | 217.4                |
| Total Current Liabilities <sup>(1)</sup>                                                                                     | 4,113.4              | 5,265.1              |
| <b>Other Liabilities</b>                                                                                                     |                      |                      |
| Deferred income taxes                                                                                                        | 2,281.6              | 2,080.4              |
| Accrued liability for postretirement and postemployment benefits                                                             | 207.5                | 250.1                |
| Regulatory liabilities                                                                                                       | 1,431.2              | 1,510.7              |
| Asset retirement obligations                                                                                                 | 698.6                | 480.5                |
| Other noncurrent liabilities and deferred credits                                                                            | 313.0                | 298.6                |
| Total Other Liabilities <sup>(1)</sup>                                                                                       | 4,931.9              | 4,620.3              |
| <b>Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")</b>                               |                      |                      |
| <b>Total Capitalization and Liabilities</b>                                                                                  | <b>\$ 31,788.1</b>   | <b>\$ 31,077.2</b>   |

<sup>(1)</sup>Includes \$53.7 million and \$68.3 million in 2024 and 2023, respectively, of current liabilities, \$58.3 million and \$55.7 million in 2024 and 2023, respectively, of other liabilities, and finance leases of \$40.4 million in 2024, of consolidated VIEs that creditors do not have recourse to our general credit. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
STATEMENTS OF CONSOLIDATED CASH FLOWS

| Year Ended December 31, (in millions)                                      | 2024             | 2023              | 2022             |
|----------------------------------------------------------------------------|------------------|-------------------|------------------|
| <b>Operating Activities</b>                                                |                  |                   |                  |
| Net Income                                                                 | \$ 844.7         | \$ 674.4          | \$ 791.8         |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: |                  |                   |                  |
| Depreciation and amortization                                              | 1,043.2          | 908.2             | 820.8            |
| Deferred income taxes                                                      | 168.0            | 134.1             | 156.9            |
| Stock compensation expense and 401(k) profit sharing contribution          | 43.6             | 33.5              | 24.9             |
| Loss (gain) on sale of assets                                              | 2.9              | 2.9               | (105.3)          |
| Payments for assets retirement obligations                                 | (72.5)           | (41.6)            | (22.3)           |
| Other adjustments                                                          | (52.8)           | (17.9)            | 5.7              |
| Changes in Assets and Liabilities:                                         |                  |                   |                  |
| Accounts receivable                                                        | (101.5)          | 184.1             | (216.3)          |
| Gas storage and other inventories                                          | 102.0            | 233.9             | (258.9)          |
| Accounts payable                                                           | 71.5             | (171.8)           | 165.0            |
| Exchange gas receivable/payable                                            | (133.5)          | 126.5             | 57.8             |
| Other accruals                                                             | 9.5              | (102.9)           | 73.4             |
| Prepayments and other current assets                                       | (75.9)           | 36.7              | (9.8)            |
| Regulatory assets/liabilities                                              | (8.7)            | (26.2)            | (129.4)          |
| Postretirement and postemployment benefits                                 | (64.3)           | (22.0)            | 84.7             |
| Deferred charges and other noncurrent assets                               | (20.8)           | (10.1)            | (4.1)            |
| Other noncurrent liabilities and deferred credits                          | 26.1             | (6.7)             | (25.5)           |
| <b>Net Cash Flows from Operating Activities</b>                            | <b>1,781.5</b>   | <b>1,935.1</b>    | <b>1,409.4</b>   |
| <b>Investing Activities</b>                                                |                  |                   |                  |
| Capital expenditures                                                       | (2,614.0)        | (2,645.8)         | (2,203.1)        |
| Insurance recoveries                                                       | 0.8              | 3.0               | 105.0            |
| Cost of removal                                                            | (166.8)          | (160.8)           | (151.7)          |
| Purchases of available-for-sale securities                                 | (17.8)           | (42.8)            | (73.5)           |
| Sales of available-for-sale securities                                     | 93.2             | 39.9              | 75.7             |
| Milestone and final payments to renewable generation asset developer       | (482.0)          | (761.4)           | (323.9)          |
| Advanced deposits for project costs                                        | (29.0)           | —                 | —                |
| Other investing activities                                                 | 2.6              | (3.7)             | 1.3              |
| <b>Net Cash Flows used for Investing Activities</b>                        | <b>(3,213.0)</b> | <b>(3,571.6)</b>  | <b>(2,570.2)</b> |
| <b>Financing Activities</b>                                                |                  |                   |                  |
| Proceeds from issuance of long-term debt                                   | 2,229.5          | 1,488.7           | 345.6            |
| Repayments of long-term debt and finance lease obligations                 | (25.6)           | (33.1)            | (60.3)           |
| Repayment of short term credit agreements                                  | (1,650.0)        | —                 | —                |
| Issuance of short term credit agreements                                   | —                | 650.0             | 1,000.0          |
| Net change in commercial paper and other short-term borrowings             | (794.0)          | 636.4             | 202.2            |
| Issuance of common stock, net of issuance costs                            | 612.6            | 12.9              | 154.3            |
| Redemption of preferred stock                                              | (486.1)          | (393.9)           | —                |
| Preferred stock redemption premium                                         | (14.0)           | (6.2)             | —                |
| Payment of obligation to renewable generation asset developer              | —                | (347.2)           | —                |
| Equity costs, premiums and other debt related costs                        | (67.3)           | (30.2)            | (13.0)           |
| Contributions from NIPSCO minority interest holders                        | 99.5             | 2,161.9           | —                |
| Distributions to NIPSCO minority interest holders                          | (50.3)           | —                 | —                |
| Contributions from tax equity partners                                     | —                | 240.9             | 21.2             |
| Distributions to tax equity partners                                       | (16.1)           | (14.1)            | (6.0)            |
| Dividends paid - common stock                                              | (481.0)          | (413.5)           | (381.5)          |
| Dividends paid - preferred stock                                           | (8.2)            | (43.8)            | (55.1)           |
| Contract liability payment                                                 | —                | (66.6)            | (66.1)           |
| <b>Net Cash Flows (used for) from Financing Activities</b>                 | <b>(651.0)</b>   | <b>3,842.2</b>    | <b>1,141.3</b>   |
| Change in cash, cash equivalents and restricted cash                       | (2,082.5)        | 2,205.7           | (19.5)           |
| Cash, cash equivalents and restricted cash at beginning of period          | 2,281.1          | 75.4              | 94.9             |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>         | <b>\$ 198.6</b>  | <b>\$ 2,281.1</b> | <b>\$ 75.4</b>   |
| <b>Reconciliation to Balance Sheet</b>                                     | <b>2024</b>      | <b>2023</b>       | <b>2022</b>      |
| Cash and cash equivalents                                                  | 156.6            | 2,245.4           | 40.8             |
| Restricted Cash                                                            | 42.0             | 35.7              | 34.6             |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b>                    | <b>198.6</b>     | <b>2,281.1</b>    | <b>75.4</b>      |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSource Inc.**  
**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY**

| <i>(in millions)</i>                                      | Common<br>Stock | Preferred<br>Stock <sup>(1)</sup> | Treasury<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Noncontrolling<br>Interest in<br>Consolidated<br>Subsidiaries | Total       |
|-----------------------------------------------------------|-----------------|-----------------------------------|-------------------|----------------------------------|---------------------|-----------------------------------------------|---------------------------------------------------------------|-------------|
| <b>Balance as of January 1, 2022</b>                      | \$ 4.1          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,204.3                       | \$ (1,580.9)        | \$ (126.8)                                    | \$ 325.6                                                      | \$ 7,272.9  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 804.1               | —                                             | (12.3)                                                        | 791.8       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 89.7                                          | —                                                             | 89.7        |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$0.94 per share)                           | —               | —                                 | —                 | —                                | (381.7)             | —                                             | —                                                             | (381.7)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (55.1)              | —                                             | —                                                             | (55.1)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest                | —               | —                                 | —                 | —                                | —                   | —                                             | 19.1                                                          | 19.1        |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (6.0)                                                         | (6.0)       |
| Stock issuances:                                          |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.2                              | —                   | —                                             | —                                                             | 5.2         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 14.3                             | —                   | —                                             | —                                                             | 14.3        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.7                              | —                   | —                                             | —                                                             | 9.7         |
| ATM Program                                               | 0.1             | —                                 | —                 | 141.8                            | —                   | —                                             | —                                                             | 141.9       |
| <b>Balance as of December 31, 2022</b>                    | \$ 4.2          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,375.3                       | \$ (1,213.6)        | \$ (37.1)                                     | \$ 326.4                                                      | \$ 7,901.8  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 714.3               | —                                             | (39.9)                                                        | 674.4       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.5                                           | —                                                             | 3.5         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.00 per share)                           | —               | —                                 | —                 | —                                | (414.1)             | —                                             | —                                                             | (414.1)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (43.8)              | —                                             | —                                                             | (43.8)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Issuance of noncontrolling interests <sup>(2)</sup>       | —               | —                                 | —                 | 809.6                            | —                   | —                                             | 1,361.1                                                       | 2,170.7     |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 233.2                                                         | 233.2       |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (14.1)                                                        | (14.1)      |
| Stock issuances:                                          |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Equity Units                                              | 0.3             | (666.5)                           | —                 | 666.2                            | —                   | —                                             | —                                                             | —           |
| Series A Preferred stock redemption                       | —               | (393.9)                           | —                 | —                                | —                   | —                                             | —                                                             | (393.9)     |
| Series A Preferred stock redemption premium               | —               | —                                 | —                 | —                                | (9.8)               | —                                             | —                                                             | (9.8)       |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.9                              | —                   | —                                             | —                                                             | 5.9         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 12.6                             | —                   | —                                             | —                                                             | 12.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.9                              | —                   | —                                             | —                                                             | 9.9         |
| <b>Balance as of December 31, 2023</b>                    | \$ 4.5          | \$ 486.1                          | \$ (99.9)         | \$ 8,879.5                       | \$ (967.0)          | \$ (33.6)                                     | \$ 1,866.7                                                    | \$ 10,136.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 760.4               | —                                             | 84.3                                                          | 844.7       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.2                                           | —                                                             | 3.2         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.06 per share)                           | —               | —                                 | —                 | —                                | (483.0)             | —                                             | —                                                             | (483.0)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (8.1)               | —                                             | —                                                             | (8.1)       |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest                | —               | —                                 | —                 | —                                | —                   | —                                             | 99.5                                                          | 99.5        |
| Distributions to noncontrolling interests                 | —               | —                                 | —                 | —                                | —                   | —                                             | (66.4)                                                        | (66.4)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Series B and B-1 Preferred stock redemption               | —               | (486.1)                           | —                 | —                                | —                   | —                                             | —                                                             | (486.1)     |
| Series B and B-1 Preferred stock redemption premium       | —               | —                                 | —                 | —                                | (14.0)              | —                                             | —                                                             | (14.0)      |
| Employee stock purchase plan                              | —               | —                                 | —                 | 6.4                              | —                   | —                                             | —                                                             | 6.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 26.6                             | —                   | —                                             | —                                                             | 26.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.2                              | —                   | —                                             | —                                                             | 9.2         |
| ATM Program                                               | 0.2             | —                                 | —                 | 599.8                            | —                   | —                                             | —                                                             | 600.0       |
| <b>Balance as of December 31, 2024</b>                    | \$ 4.7          | \$ —                              | \$ (99.9)         | \$ 9,521.5                       | \$ (711.7)          | \$ (30.4)                                     | \$ 1,984.1                                                    | \$ 10,668.3 |

<sup>(1)</sup> Series A, Series B and Series C shares had an aggregate liquidation preference of \$400M, \$500M and \$863M, respectively.

<sup>(2)</sup> Relates to the NIPSCO Minority Interest Transaction. See Note 4, "Noncontrolling Interests," for additional discussion.

<sup>(3)</sup> Contributions from noncontrolling interest is net of transaction costs.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NI SOURCE INC.**  
**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (continued)**

| <i>(in thousands)</i>                  | Preferred    | Common         |                |                |
|----------------------------------------|--------------|----------------|----------------|----------------|
|                                        | Shares       | Shares         | Treasury       | Outstanding    |
| <b>Balance as of January 1, 2022</b>   | <b>1,303</b> | <b>409,266</b> | <b>(3,963)</b> | <b>405,303</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 186            | —              | 186            |
| Long-term incentive plan               | —            | 375            | —              | 375            |
| 401(k) and profit sharing plan         | —            | 337            | —              | 337            |
| ATM Program                            | —            | 5,942          | —              | 5,942          |
| <b>Balance as of December 31, 2022</b> | <b>1,303</b> | <b>416,106</b> | <b>(3,963)</b> | <b>412,143</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 216            | —              | 216            |
| Long-term incentive plan               | —            | 758            | —              | 758            |
| 401(k) and profit sharing plan         | —            | 366            | —              | 366            |
| Equity Units <sup>(1)</sup>            | —            | 33,899         | —              | 33,899         |
| Redeemed:                              |              |                |                |                |
| Equity Units <sup>(1)</sup>            | (863)        | —              | —              | —              |
| Series A Preferred Stock               | (400)        | —              | —              | —              |
| <b>Balance as of December 31, 2023</b> | <b>40</b>    | <b>451,345</b> | <b>(3,963)</b> | <b>447,382</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 218            | —              | 218            |
| Long-term incentive plan               | —            | 769            | —              | 769            |
| 401(k) and profit sharing plan         | —            | 309            | —              | 309            |
| ATM Program                            | —            | 21,144         | —              | 21,144         |
| Redeemed:                              |              |                |                |                |
| Series B and B-1 Preferred Stock       | (40)         | —              | —              | —              |
| <b>Balance as of December 31, 2024</b> | <b>—</b>     | <b>473,785</b> | <b>(3,963)</b> | <b>469,822</b> |

<sup>(1)</sup>See Note 6, "Equity," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**1. Nature of Operations and Summary of Significant Accounting Policies**

**A. Company Structure and Principles of Consolidation.** We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.8 million customers in six states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated 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.

**B. Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash, Cash Equivalents and Restricted Cash.** We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trusts to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, and holdbacks related to certain joint venture development agreements which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

**D. Accounts Receivable and Unbilled Revenue.** Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from their last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, weather and reasonable and supportable forecasts. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical collection experience, current market conditions and reasonable and supportable forecasts. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable, including amounts related to unbilled revenues.

**E. Investments in Debt Securities.** Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Available-for-sale debt securities" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. At each reporting period these investments are qualitatively and quantitatively assessed to determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. Impairments related to credit loss are recorded through an allowance for credit losses. Impairments that are not related to credit losses are included in other comprehensive income and are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2024, 2023 or 2022. Refer to Note 14, "Fair Value," for additional information.

**F. Basis of Accounting for Rate-Regulated Subsidiaries.** Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be billed and collected. Certain expenses and credits subject to utility regulation or rate determination that would normally be reflected in income for non-regulated entities are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

We continually evaluate whether or not our operations are within the scope of ASC 980 and rate regulations. As part of that analysis, we evaluate probability of recovery for our regulatory assets. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 12, "Regulatory Matters," for additional information.

**G. Plant and Other Property and Related Depreciation and Maintenance.** Property, plant and equipment (principally utility plant) is stated at cost. Our rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties, as approved by the appropriate regulators.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Non-utility property, consisting of renewable generation assets owned by JVs of which we are the primary beneficiary and certain retired regulatory assets described below, is generally depreciated over the life of the associated assets. Refer to Note 9, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies where provided for in rates, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our consolidated pre-tax rate for AFUDC was 4.8% in 2024, 3.9% in 2023 and 3.4% in 2022.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the gross amounts are classified as "Non-Utility and Other " as described in Note 9, "Property, Plant and Equipment." If the asset is no longer operating but still subject to recovery, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

External and internal costs associated with on-premise computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets, with the associated internal-use software capitalized to plant if the we have a contractual right to take possession of the software at any time during the hosting period without significant penalty and it is feasible for us to either run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonably expected to be exercised.

**H. Goodwill and Other Intangible Assets.** Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches. See Note 10, "Goodwill," for additional information.

**I. Accounts Receivable Transfer Programs.** Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2024 and 2023 Consolidated Balance Sheets. When amounts are securitized, the short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 7, "Short-Term Borrowings," for further information.

**J. Gas Cost and Fuel Adjustment Clause.** Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 12, "Regulatory Matters," for additional information.

**K. Gas Storage and Other Inventories.** Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was \$43.8 million and \$43.9 million at December 31, 2024 and 2023, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by \$12.8 million at December 31, 2024 and was less than the stated LIFO cost by \$22.5 million at December 31, 2023. As all LIFO inventory costs are collected from customers through our rate-regulated subsidiaries, no inventory impairment has been recorded. Gas inventory valued using the weighted average cost methodology was \$135.8 million at December 31, 2024 and \$222.0 million at December 31, 2023.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

Materials and supplies are valued using the weighted average cost inventory methodology. Materials and supplies are charged to expense or capitalized to property, plant and equipment when issued.

**L. Accounting for Exchange and Balancing Arrangements of Natural Gas.** Our Columbia Operations and NIPSCO Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under an exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on our Consolidated Balance Sheets, as appropriate.

**M. Accounting for Risk Management Activities.** We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We do not offset the fair value amounts recognized for any of our derivative instruments against the fair value amounts recognized for the right to reclaim cash collateral or obligation to return cash collateral for derivative instruments executed with the same counterparty under a master netting arrangement. See Note 13, "Risk Management Activities," for additional information.

**N. Income Taxes and Investment Tax Credits.** Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the related properties. Furthermore, the tax basis of the asset is reduced by 50% of the ITCs received, resulting in a net deferred tax asset.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement. Income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax.

**O. Pension Remeasurement.** We utilize a third-party actuary for the purpose of performing actuarial valuations of our defined benefit plans. Annually, as of December 31, we perform a remeasurement for our defined benefit plans. Quarterly, we monitor for significant events, and if a significant event is identified, we perform a qualitative and quantitative assessment to determine if the resulting remeasurement would materially impact the NiSource financial statements. If material, an interim remeasurement is performed. See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**P. Environmental Expenditures.** We accrue for costs associated with environmental remediation obligations, including expenditures related to asset retirement obligations and cost of removal, when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other accruals" for short-term portions of these liabilities and "Other noncurrent liabilities and deferred credits" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance

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**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 11, "Asset Retirement Obligations," and Note 19, "Other Commitments and Contingencies," for further information.

**Q. Excise Taxes.** As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense on the Statements of Consolidated Income.

**R. Accrued Insurance Liabilities.** We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information.

**S. Noncontrolling Interest.** We maintain a controlling financial interest in certain of our less than wholly owned subsidiaries. We consolidate these subsidiaries as either voting interest entities or VIEs and present the third-party investors' portion of our net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Consolidated Balance Sheet.

On December 31, 2023, the NIPSCO Minority Interest Transaction closed and a 19.9% equity interest in NIPSCO Holdings II, the sole owner of NIPSCO, was issued to an affiliate of Blackstone. NIPSCO Holdings II does not meet the criteria of a VIE and instead is consolidated under the voting interest model in accordance with ASC 810 as we maintain control through a majority interest in NIPSCO Holdings II. Refer to Note 4, "Noncontrolling Interests," for further discussion on the NIPSCO Minority Interest Transaction.

We fund a portion of our renewable generation assets through JVs with tax equity partners. We consolidate these JVs in accordance with ASC 810 as they are VIEs in which we hold a variable interest, and we control decisions that are significant to the JVs' ongoing operations and economic results (i.e., we are the primary beneficiary).

These JVs are subject to profit sharing arrangements in which the allocation of the JVs' cash distributions and tax benefits to members is based on factors other than members' relative ownership percentages. As such, we utilize the HLBV method to allocate proceeds to each partner at the balance sheet date based on the liquidation provisions of the related JV's operating agreement and adjust the amount of the VIE's net income attributable to us and the noncontrolling tax equity member during the period.

In each reporting period, the application of HLBV to our consolidated VIEs results in a difference between the amount of profit from the consolidated JVs and the amount included in regulated rates. As discussed above in "F. Basis of Accounting for Rate-Regulated Subsidiaries," we are subject to the accounting and reporting requirements of ASC 980. In accordance with these principles, we recognize a regulatory liability or asset for amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The amounts recorded in income will ultimately reflect the amount allowed in regulated rates to recover our investments over the useful life of the projects. The offset to the regulatory liability or asset associated with our renewable investments included in regulated rates is recorded in "Depreciation expense" on the Statements of Consolidated Income.

**2. Recent Accounting Pronouncements**

**Recently Issued Accounting Pronouncements**

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. This pronouncement requires disaggregated disclosure of income statement expenses for public business entities. The ASU requires disclosure in tabular format of disaggregation of relevant expense captions presented on the income statement by certain natural expense categories with certain related qualitative disclosures within the notes to the financial statements. The ASU does not change the expense captions an entity presents on the income

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**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

statement. The ASU is effective for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. We are currently evaluating the impacts this amendment will have on our required disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This pronouncement enhances required income tax disclosures. The pronouncement will require disclosure of specific categories and reconciling items included in the rate reconciliation, disaggregation between federal, state and local income taxes paid, and disclosure of income taxes paid by jurisdictions over a certain threshold. Additionally, the pronouncement eliminates certain required disclosures related to unrecognized tax benefits. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted, and is to be applied on a prospective basis with retrospective application permitted. We will implement and provide the required disclosures beginning in 2025.

**Recently Adopted Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This pronouncement enhances annual and interim disclosure requirements over reportable segments, primarily through enhanced disclosures about significant segment expenses. Specifically, the pronouncement requires disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss, disclosure of an amount for other segment items representing the difference between segment revenue and segment expenses already disclosed, disclosure of all required annual disclosures for interim periods and disclosure of title and position of the CODM and how the CODM uses reported measures. The pronouncement also allows for more than one measure of segment profit if the CODM uses more than one measure in assessing segment performance. This pronouncement is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this pronouncement as of December 31, 2024 with retrospective application and updated its disclosures to include significant expenses regularly provided to the CODM, the CODM's title and how the CODM utilizes reported measures. See Note 21, "Business Segment Information" for further discussion.

**3. Revenue Recognition**

**Customer Revenues.** Substantially all of our revenues are tariff-based. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract, which creates enforceable rights and obligations. Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer deposits and credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage exceeds payments received.

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

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs, subject to reconciliation, and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in "Regulatory assets" or "Regulatory liabilities" on the Consolidated Balance Sheets and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. Distribution revenues are generally considered daily or "at-will" contracts as customers may cancel their service at any time (subject to notification requirements), and revenue generally represents the amount we are entitled to bill customers.

In addition to tariff-based sales, our gas distribution in both our Columbia Operations and NIPSCO Operations segments enters into balancing and exchange arrangements of natural gas as part of our operations and off-system sales programs. Performance obligations for these types of sales include transportation and storage of natural gas and can be satisfied at a point in time or over a period of time, depending on the specific transaction. For those transactions that span a period of time, we record a

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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

receivable or payable for any cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a gas distribution operations exchange agreement.

**Revenue Disaggregation and Reconciliation.** We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As of January 1, 2024, we have changed our reportable segments from Gas Distribution Operations and Electric Operations to Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. For additional information see Note 21, "Business Segment Information".

The Columbia Operations segment provides regulated natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. The NIPSCO Operations segment provides regulated gas and electric service in northern Indiana for residential, commercial and industrial customers.

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

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Statements of Consolidated Income:

| <i>Year Ended December 31, 2024 (in millions)</i> | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total             |
|---------------------------------------------------|------------------------|----------------------|------------------------|-------------------|
| <b>Gas Distribution</b>                           |                        |                      |                        |                   |
| Residential                                       | \$ 1,833.8             | \$ 531.4             | \$ —                   | \$ 2,365.2        |
| Commercial                                        | 580.3                  | 199.2                | —                      | 779.5             |
| Industrial                                        | 144.2                  | 79.0                 | —                      | 223.2             |
| Off-system                                        | 42.6                   | —                    | —                      | 42.6              |
| Wholesale                                         | 1.2                    | —                    | —                      | 1.2               |
| Miscellaneous <sup>(1)</sup>                      | 26.3                   | 15.4                 | —                      | 41.7              |
| <b>Subtotal</b>                                   | <b>\$ 2,628.4</b>      | <b>\$ 825.0</b>      | <b>\$ —</b>            | <b>\$ 3,453.4</b> |
| <b>Electric Generation and Power Delivery</b>     |                        |                      |                        |                   |
| Residential                                       | \$ —                   | \$ 649.9             | \$ —                   | \$ 649.9          |
| Commercial                                        | —                      | 620.4                | —                      | 620.4             |
| Industrial                                        | —                      | 499.1                | —                      | 499.1             |
| Wholesale                                         | —                      | 38.3                 | —                      | 38.3              |
| Public Authority                                  | —                      | 8.1                  | —                      | 8.1               |
| Miscellaneous <sup>(1)</sup>                      | —                      | 13.7                 | —                      | 13.7              |
| <b>Subtotal</b>                                   | <b>\$ —</b>            | <b>\$ 1,829.5</b>    | <b>\$ —</b>            | <b>\$ 1,829.5</b> |
| <b>Total Customer Revenues<sup>(2)</sup></b>      | <b>2,628.4</b>         | <b>2,654.5</b>       | <b>—</b>               | <b>5,282.9</b>    |
| <b>Other Revenues<sup>(3)</sup></b>               | <b>74.8</b>            | <b>96.5</b>          | <b>0.9</b>             | <b>172.2</b>      |
| <b>Total Operating Revenues</b>                   | <b>\$ 2,703.2</b>      | <b>\$ 2,751.0</b>    | <b>\$ 0.9</b>          | <b>\$ 5,455.1</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

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**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

<sup>(3)</sup>Amounts included in Columbia Operations primarily relate to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets.

| Year Ended December 31, 2023 <i>(in millions)</i>    | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total             |
|------------------------------------------------------|------------------------|----------------------|------------------------|-------------------|
| <b><i>Gas Distribution</i></b>                       |                        |                      |                        |                   |
| Residential                                          | \$ 1,827.5             | \$ 635.0             | \$ —                   | \$ 2,462.5        |
| Commercial                                           | 598.9                  | 249.0                | —                      | 847.9             |
| Industrial                                           | 139.0                  | 87.0                 | —                      | 226.0             |
| Off-system                                           | 60.6                   | —                    | —                      | 60.6              |
| Wholesale                                            | 1.6                    | —                    | —                      | 1.6               |
| Miscellaneous <sup>(1)</sup>                         | 33.4                   | 14.8                 | —                      | 48.2              |
| <b>Subtotal</b>                                      | <b>2,661.0</b>         | <b>985.8</b>         | <b>—</b>               | <b>3,646.8</b>    |
| <b><i>Electric Generation and Power Delivery</i></b> |                        |                      |                        |                   |
| Residential                                          | —                      | 583.9                | —                      | 583.9             |
| Commercial                                           | —                      | 578.1                | —                      | 578.1             |
| Industrial                                           | —                      | 474.1                | —                      | 474.1             |
| Wholesale                                            | —                      | 32.0                 | —                      | 32.0              |
| Public Authority                                     | —                      | 11.5                 | —                      | 11.5              |
| Miscellaneous <sup>(1)</sup>                         | —                      | 21.4                 | —                      | 21.4              |
| <b>Subtotal</b>                                      | <b>—</b>               | <b>1,701.0</b>       | <b>—</b>               | <b>1,701.0</b>    |
| <b>Total Customer Revenues<sup>(2)</sup></b>         | <b>\$ 2,661.0</b>      | <b>\$ 2,686.8</b>    | <b>\$ —</b>            | <b>\$ 5,347.8</b> |
| <b>Other Revenues<sup>(3)</sup></b>                  | <b>72.9</b>            | <b>83.9</b>          | <b>0.8</b>             | <b>157.6</b>      |
| <b>Total Operating Revenues</b>                      | <b>\$ 2,733.9</b>      | <b>\$ 2,770.7</b>    | <b>\$ 0.8</b>          | <b>\$ 5,505.4</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to late fees, property rentals, revenue refunds, and adjustments.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

| Year Ended December 31, 2022 (in millions)    | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total             |
|-----------------------------------------------|------------------------|----------------------|------------------------|-------------------|
| <b>Gas Distribution</b>                       |                        |                      |                        |                   |
| Residential                                   | \$ 1,918.2             | \$ 691.5             | \$ —                   | \$ 2,609.7        |
| Commercial                                    | 672.2                  | 267.4                | —                      | 939.6             |
| Industrial                                    | 135.5                  | 85.1                 | —                      | 220.6             |
| Off-system                                    | 192.9                  | —                    | —                      | 192.9             |
| Wholesale                                     | 2.1                    | —                    | —                      | 2.1               |
| Miscellaneous <sup>(1)</sup>                  | 27.3                   | 10.9                 | —                      | 38.2              |
| <b>Subtotal</b>                               | <b>\$ 2,948.2</b>      | <b>\$ 1,054.9</b>    | <b>\$ —</b>            | <b>\$ 4,003.1</b> |
| <b>Electric Generation and Power Delivery</b> |                        |                      |                        |                   |
| Residential                                   | \$ —                   | \$ 592.4             | \$ —                   | \$ 592.4          |
| Commercial                                    | —                      | 571.0                | —                      | 571.0             |
| Industrial                                    | —                      | 560.6                | —                      | 560.6             |
| Wholesale                                     | —                      | 13.5                 | —                      | 13.5              |
| Public Authority                              | —                      | 12.1                 | —                      | 12.1              |
| Miscellaneous <sup>(1)</sup>                  | —                      | (14.1)               | —                      | (14.1)            |
| <b>Subtotal</b>                               | <b>\$ —</b>            | <b>\$ 1,735.5</b>    | <b>\$ —</b>            | <b>\$ 1,735.5</b> |
| <b>Total Customer Revenues<sup>(2)</sup></b>  | <b>\$ 2,948.2</b>      | <b>\$ 2,790.4</b>    | <b>\$ —</b>            | <b>\$ 5,738.6</b> |
| <b>Other Revenues<sup>(3)</sup></b>           | <b>3.7</b>             | <b>95.8</b>          | <b>12.5</b>            | <b>112.0</b>      |
| <b>Total Operating Revenues</b>               | <b>\$ 2,951.9</b>      | <b>\$ 2,886.2</b>    | <b>\$ 12.5</b>         | <b>\$ 5,850.6</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue trackers, late fees and property rentals.2.1

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets. Amounts included in Corporate and Other primarily related to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

**Customer Accounts Receivable.** Accounts receivable on our Consolidated Balance Sheets includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of their 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. A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, primarily from November through March, revenues and receivables from gas sales are more significant than in other months. The opening and closing balances of customer receivables for the year ended December 31, 2024, 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<br>Receivable, Billed<br>(less reserve) | Customer Accounts<br>Receivable, Unbilled<br>(less reserve) |
|---------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Balance as of December 31, 2023 | \$ 479.4                                                  | \$ 337.6                                                    |
| Balance as of December 31, 2024 | 525.1                                                     | 408.1                                                       |

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. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.



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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**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. Internal and external inputs are used in our credit model including, but not limited to, energy consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-offs, customer delinquencies, final bill data, and inflation. We continuously evaluate available information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or following 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 including, but 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 to an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses as of December 31, 2024 and December 31, 2023, are presented in the tables below:

| (in millions)                                | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total   |
|----------------------------------------------|------------------------|----------------------|------------------------|---------|
| <b>Balance as of January 1, 2024</b>         | \$ 10.2                | \$ 11.9              | \$ 0.8                 | \$ 22.9 |
| Current period provisions                    | 26.7                   | 12.1                 | —                      | 38.8    |
| Write-offs charged against allowance         | (43.9)                 | (11.0)               | (0.8)                  | (55.7)  |
| Recoveries of amounts previously written off | 16.8                   | 0.9                  | —                      | 17.7    |
| <b>Balance as of December 31, 2024</b>       | \$ 9.8                 | \$ 13.9              | \$ —                   | \$ 23.7 |

| (in millions)                                | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total   |
|----------------------------------------------|------------------------|----------------------|------------------------|---------|
| <b>Balance as of January 1, 2023</b>         | \$ 11.1                | \$ 12.0              | \$ 0.8                 | \$ 23.9 |
| Current period provisions                    | 28.3                   | 11.5                 | —                      | 39.8    |
| Write-offs charged against allowance         | (49.2)                 | (12.4)               | —                      | (61.6)  |
| Recoveries of amounts previously written off | 20.0                   | 0.8                  | —                      | 20.8    |
| <b>Balance as of December 31, 2023</b>       | \$ 10.2                | \$ 11.9              | \$ 0.8                 | \$ 22.9 |

**4. Noncontrolling Interests**

**Variable Interest Entities.** A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for information on our accounting policy for the VIEs.

NIPSCO is the managing member and operator of two wind JVs, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO is also a managing member and operator of two solar JVs, Indiana Crossroads Solar and Dunns Bridge I, which have a nameplate capacity of 200 MW and 265 MW, respectively. We have determined that these JVs are VIEs. NIPSCO controls decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include 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. NIPSCO and each tax equity partner contributed cash to the respective JV. Once the tax equity partner has earned their negotiated rate of return and the JV has reached a stated contractual date, NIPSCO has the option to purchase the remaining interest in the respective JV from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by each commercially operational JV.

We did not provide any financial or other support during the year that was not contractually required.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Our Consolidated Balance Sheets included the following assets and liabilities associated with VIEs.

| <i>(in millions)</i>                      | <b>December 31,<br/>2024</b> | December 31,<br>2023 |
|-------------------------------------------|------------------------------|----------------------|
| Net Property, Plant and Equipment         | <b>\$ 1,323.8</b>            | \$ 1,369.8           |
| Current assets                            | <b>65.0</b>                  | 63.6                 |
| <b>Total assets<sup>(1)(2)</sup></b>      | <b>1,388.8</b>               | 1,433.4              |
| Current liabilities                       | <b>53.7</b>                  | 68.3                 |
| Asset retirement obligations              | <b>58.3</b>                  | 55.7                 |
| Finance lease obligations                 | <b>40.4</b>                  | —                    |
| <b>Total liabilities<sup>(1)(2)</sup></b> | <b>\$ 152.4</b>              | \$ 124.0             |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

<sup>(2)</sup>In addition to the amounts disclosed above there is a de minimis amount of other noncurrent assets and liabilities at Rosewater as of December 31, 2024.

**Voting Interest Entities.** On December 31, 2023, we consummated the NIPSCO Minority Interest Transaction for a capital contribution of \$2.16 billion in cash. The difference between the \$2.16 billion consideration received and the \$1.36 billion carrying value of the noncontrolling interest claim on net assets was recorded to additional paid-in capital, net of \$54.7 million in transaction costs and a \$63.5 million income tax benefit. We retain a controlling financial interest in NIPSCO Holdings II and its subsidiaries and consolidate their financial results. For the twelve months ending December 31, 2024 we received \$99.5 million of contributions, and we made \$50.3 million of distributions, to our NIPSCO minority interest holders. See Note 19, "Other Commitments and Contingencies - E. Other Matters," for a detailed discussion of the NIPSCO Holdings II LLC Agreement and governance structure.

## 5. Earnings Per Share

The calculations of basic and diluted EPS are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Diluted EPS includes the incremental effects of the various long-term incentive compensation plans and ATM forward sale agreements under the treasury stock method when the impact would be dilutive. For the purposes of determining diluted EPS, for the twelve months ended December 31, 2023 and 2022, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding using the if-converted method under US GAAP and we assumed share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period. This method assumes conversion at the beginning of the reporting period, or at time of issuance, if later. The purchase contracts were settled on December 1, 2023. For the purchase contracts, the number of shares of our common stock that would have been issuable at the end of each reporting period prior to the settlement date were reflected in the denominator of our diluted EPS calculation. A numerator adjustment was reflected in the calculation of diluted EPS for interest expense incurred in 2023 and 2022, net of tax, related to the purchase contracts.

We adopted ASU 2020-06 on January 1, 2022, which required us to assume share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period.

The shares underlying the Series C Mandatory Convertible Preferred Stock included within the Equity Units were contingently convertible as the conversion was contingent on a successful remarketing. Contingently convertible shares where conversion was not tied to a market price trigger were excluded from the calculation of diluted EPS until such time as the contingency had been resolved under the if-converted method. The unsuccessful remarketing resolved the contingency and no shares were reflected in the denominator for the years ended December 31, 2023 and 2022, for the calculation of diluted EPS.

We began using the two-class method of computing earnings per share in 2023 because we have participating securities in the form of non-vested restricted stock units with a non-forfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

During 2022, we had no outstanding securities other than common and preferred stock, which required holders' participation in dividends and earnings; therefore, we were not required to calculate EPS under the two-class method. Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by giving effect to all potential shares of common stock, to the extent they are dilutive. Refer to Note 6, "Equity," for additional information.

The following table presents the calculation of our basic and diluted EPS:

| Year Ended December 31, (in millions, except per share amounts) | 2024     | 2023     | 2022     |
|-----------------------------------------------------------------|----------|----------|----------|
| <b>Numerator:</b>                                               |          |          |          |
| Net Income Available to Common Shareholders                     | \$ 739.7 | \$ 661.7 | \$ 749.0 |
| Less: Income allocated to participating securities              | 1.6      | 0.6      | —        |
| Net Income Available to Common Shareholders - Basic             | \$ 738.1 | \$ 661.1 | \$ 749.0 |
| Add: Dilutive effect of Equity Units                            | —        | 1.4      | 2.0      |
| Net Income Available to Common Shareholders - Diluted           | \$ 738.1 | \$ 662.5 | \$ 751.0 |
| <b>Denominator:</b>                                             |          |          |          |
| Average common shares outstanding - Basic                       | 454.2    | 416.1    | 407.1    |
| Dilutive potential common shares:                               |          |          |          |
| Equity Units purchase contracts                                 | —        | 29.8     | 30.2     |
| Equity Units purchase contract payment balance                  | —        | 0.9      | 3.2      |
| Shares contingently issuable under employee stock plans         | 0.9      | 0.7      | 0.9      |
| Shares restricted under employee stock plans                    | 0.3      | 0.4      | 0.5      |
| ATM Forward agreements                                          | 0.6      | —        | 0.8      |
| Average Common Shares - Diluted                                 | 456.0    | 447.9    | 442.7    |
| <b>Earnings per common share:</b>                               |          |          |          |
| Basic                                                           | \$ 1.63  | \$ 1.59  | \$ 1.84  |
| Diluted                                                         | \$ 1.62  | \$ 1.48  | \$ 1.70  |

**6. Equity**

Holders of shares of our common stock are entitled to receive dividends when, as, and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have certain debt covenants that could potentially limit the amount of dividends we could pay in order to maintain compliance with these covenants. Refer to Note 8, "Long-Term Debt," for more information. As of December 31, 2024, these covenants did not restrict the amount of dividends that were available to be paid.

There is no preferred stock outstanding as of December 31, 2024.

Common and preferred stock activity for 2024, 2023 and 2022 is described further below.

**ATM Program.** In February 2024, we entered into eight separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of \$900.0 million of our common stock.

In February 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 7,757,951 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$25.78 per share. On September 17, 2024 we settled all the shares under the forward sale agreement for \$199.9 million, based on a net price of \$25.77 per share.

In May 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 10,390,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$28.87 per share. On September 11, 2024 we settled all the shares under the forward sale agreement for \$299.1 million, based on a net price of \$28.79 per share.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

In September 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,495,949 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$34.01 per share. On November 19, 2024 we settled all the shares under the forward sale agreement for \$50.3 million, based on a net price of \$33.64 per share.

In September 2024, under the ATM program, we executed a second forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchasers under our forward sale agreement borrowed 1,500,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$34.32 per share. On November 20, 2024 we settled all the shares under the forward sale agreement for \$51.0 million, based on a net price of \$33.99 per share.

As of December 31, 2024, the ATM program had approximately \$297.7 million of equity available for issuance. The program expires on December 31, 2025.

***Series A Preferred Stock.*** During 2023, there were \$28.25 dividends declared per share for the Series A Preferred Stock.

On June 15, 2023, we redeemed all 400,000 outstanding shares of Series A Preferred Stock for a redemption price of \$1,000 per share or \$400.0 million in total.

***Series B and B-1 Preferred Stock.*** During 2024 and 2023, dividends declared per share for the Series B Preferred Stock were \$406.25 and \$1,625.0, respectively.

On March 15, 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total. Following the redemption, dividends ceased to accrue on the shares of Series B Preferred Stock, shares of the Series B Preferred Stock and Series B-1 Preferred Stock were no longer deemed outstanding and all rights of the holders of such shares of Series B Preferred Stock and Series B-1 Preferred Stock terminated. In conjunction with the redemption, we recorded a \$14.0 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series B Preferred Stock and Series B-1 Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during the first quarter of 2024. We did not recognize an excise tax liability under the IRA in connection with this redemption as we issued common stock in 2024 in excess of the fair value of the Series B Preferred Stock and Series B-1 Preferred Stock redeemed.

In March 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series B Preferred Stock and the Certificate of Designations with respect to the Series B-1 Preferred Stock. As a result, the 20,000 shares that were previously designated as Series B Preferred Stock and the 20,000 shares that were previously designated as Series B-1 Preferred Stock were returned to the status of authorized but unissued shares of preferred stock, par value \$0.01 per share, without designation as to series. The Certificate of Elimination does not change the total number of authorized shares of capital stock of NiSource or the total number of authorized shares of preferred stock. We voluntarily delisted the preferred stock from the New York Stock Exchange on March 15, 2024.

***Equity Units.*** On December 1, 2023, we issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units. As of December 1, 2023, each holder of Corporate Units was deemed to have automatically delivered to us the related Series C Mandatory Convertible Preferred Stock that were components of the Corporate Units in full satisfaction of such holder's obligations under the related purchase contract, and all 862,500 shares of Series C Mandatory Convertible Preferred Stock were returned to the status of authorized but unissued preferred stock, par value of \$0.01 per share, without designation as to series. We voluntarily delisted the Corporate Units from the New York Stock Exchange on December 1, 2023.

Refer to Note 5, "Earnings Per Share," for additional information regarding our treatment of the Equity Units for diluted EPS.

On October 21, 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series C Mandatory Convertible Preferred Stock.

**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

***Noncontrolling Interest in Consolidated Subsidiaries.*** As of December 31, 2024 and 2023, NIPSCO and tax equity partners have completed their cash contributions into the Indiana Crossroads Wind, Rosewater, Indiana Crossroads Solar and Dunns Bridge I JVs. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the respective tax equity partners in varying percentages by category and over the life of the partnership. The tax equity partner's contributions, net of these allocations, is represented as a noncontrolling interest within total equity on the Consolidated Balance Sheets. Refer to Note 4, "Noncontrolling Interests," for more information.

On December 31, 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued a 19.9% equity interest in NIPSCO Holdings II LLC to BIP in exchange for a capital contribution of \$2.16 billion in cash. Transaction costs and deferred tax impacts of \$54.7 million and \$63.5 million were recorded during the period ending December 31, 2023. Refer to Note 15, "Income Taxes," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to the Consolidated Financial Statements for more information on this transaction.

**7. Short-Term Borrowings**

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

***Revolving Credit Facility.*** 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. At December 31, 2024 and 2023, we had no outstanding borrowings under this facility.

***Commercial Paper Program.*** At December 31, 2024 and December 31, 2023, our commercial paper program had a program limit of up to \$1.85 billion and \$1.50 billion, respectively. On February 9, 2024, we increased the program limit from \$1.50 billion to \$1.85 billion. We had \$604.6 million and \$1,061.0 million of commercial paper outstanding with weighted-average interest rates of 4.73% and 5.65% as of December 31, 2024 and 2023, respectively.

***Accounts Receivable Transfer Programs.*** 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 consolidated special purpose entities. The three agreements expire between May 2025 and October 2025 and may be further extended if mutually agreed to by the parties thereto.

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. As of December 31, 2024, the maximum amount we could borrow related to our accounts receivable programs is \$175.0 million.

We had zero and \$337.6 million short-term borrowings related to the securitization transactions as of December 31, 2024 and 2023, respectively.

For the year ended December 31, 2024 and 2023, \$337.6 million and \$9.6 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the accounts receivable transfer programs, we pay used facility fees for amounts borrowed, unused commitment fees for amounts not borrowed, and upfront renewal fees. Fees associated with the securitization transactions were \$1.5 million, \$2.7 million, and \$2.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting the receivables securitized, and the receivables cannot be transferred to another party. Refer to Note 23, "Interest Expense, Net," for additional information on securitization transaction fees.

***Term Credit Agreements.*** At December 31, 2023, we had \$1.0 billion, and \$650.0 million outstanding under term credit agreements with interest rates of 6.41% and 6.50%, respectively. On January 3, 2024, we terminated and repaid in full our \$1.0 billion and \$650.0 million term credit agreements with proceeds from the NIPSCO Minority Interest Transaction.

Items listed above, excluding the term credit agreements, are presented net in the Statements of Consolidated Cash Flows as their maturities are less than 90 days.

**NiSource Inc.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**8. Long-Term Debt**

Our long-term debt as of December 31, 2024 and 2023 is as follows:

|                                                |                                  | Weighted<br>average<br>interest rate<br>(%) | Outstanding balance<br>as of December 31,<br>(in millions) |            |
|------------------------------------------------|----------------------------------|---------------------------------------------|------------------------------------------------------------|------------|
| Long-term debt type                            | Maturity as of December 31, 2024 |                                             | 2024                                                       | 2023       |
| Senior notes:                                  |                                  |                                             |                                                            |            |
| NiSource                                       | August 2025                      | 0.950 %                                     | \$1,250.0                                                  | \$1,250.0  |
| NiSource                                       | May 2027                         | 3.490 %                                     | 1,000.0                                                    | 1,000.0    |
| NiSource                                       | December 2027                    | 6.780 %                                     | 3.0                                                        | 3.0        |
| NiSource                                       | March 2028                       | 5.250 %                                     | 1,050.0                                                    | 1,050.0    |
| NiSource                                       | July 2029                        | 5.200 %                                     | 600.0                                                      | —          |
| NiSource                                       | September 2029                   | 2.950 %                                     | 750.0                                                      | 750.0      |
| NiSource                                       | May 2030                         | 3.600 %                                     | 1,000.0                                                    | 1,000.0    |
| NiSource                                       | February 2031                    | 1.700 %                                     | 750.0                                                      | 750.0      |
| NiSource                                       | June 2033                        | 5.400 %                                     | 450.0                                                      | 450.0      |
| NiSource                                       | April 2034                       | 5.350 %                                     | 650.0                                                      | —          |
| NiSource                                       | December 2040                    | 6.250 %                                     | 152.6                                                      | 152.6      |
| NiSource                                       | June 2041                        | 5.950 %                                     | 347.4                                                      | 347.4      |
| NiSource                                       | February 2042                    | 5.800 %                                     | 250.0                                                      | 250.0      |
| NiSource                                       | February 2043                    | 5.250 %                                     | 500.0                                                      | 500.0      |
| NiSource                                       | February 2044                    | 4.800 %                                     | 750.0                                                      | 750.0      |
| NiSource                                       | February 2045                    | 5.650 %                                     | 500.0                                                      | 500.0      |
| NiSource                                       | May 2047                         | 4.375 %                                     | 1,000.0                                                    | 1,000.0    |
| NiSource                                       | March 2048                       | 3.950 %                                     | 750.0                                                      | 750.0      |
| NiSource                                       | June 2052                        | 5.000 %                                     | 350.0                                                      | 350.0      |
| Total senior notes                             |                                  |                                             | \$12,103.0                                                 | \$10,853.0 |
| Junior subordinated notes:                     |                                  |                                             |                                                            |            |
| NiSource                                       | November 2054                    | 6.950 %                                     | 500.0                                                      | —          |
| NiSource                                       | March 2055                       | 6.375 %                                     | 500.0                                                      | —          |
| Total junior subordinated notes                |                                  |                                             | \$1,000.0                                                  | \$ —       |
| Medium term notes:                             |                                  |                                             |                                                            |            |
| NiSource                                       | May 2027                         | 7.990 %                                     | \$ 29.0                                                    | \$ 29.0    |
| NIPSCO                                         | June 2027 to August 2027         | 7.644 %                                     | 58.0                                                       | 58.0       |
| Columbia of Massachusetts                      | December 2025 to February 2028   | 6.373 %                                     | 15.0                                                       | 15.0       |
| Total medium term notes                        |                                  |                                             | \$ 102.0                                                   | \$ 102.0   |
| Finance leases:                                |                                  |                                             |                                                            |            |
| NiSource Corporate Services                    | January 2025 to September 2027   | 3.470 %                                     | \$ 14.6                                                    | \$ 30.5    |
| NIPSCO                                         | December 2027 to November 2035   | 5.250 %                                     | 124.3                                                      | 61.2       |
| Columbia of Ohio                               | December 2025 to March 2044      | 6.150 %                                     | 85.6                                                       | 90.3       |
| Columbia of Virginia                           | July 2029 to November 2039       | 6.190 %                                     | 15.2                                                       | 16.1       |
| Columbia of Kentucky                           | May 2027                         | 5.360 %                                     | 0.1                                                        | 0.2        |
| Columbia of Pennsylvania                       | July 2027 to May 2035            | 4.470 %                                     | 6.4                                                        | 7.1        |
| Total finance leases                           |                                  |                                             | \$ 246.2                                                   | \$ 205.4   |
| Less: Unamortized issuance costs and discounts |                                  |                                             | (95.5)                                                     | (81.1)     |
| Less: Current portion of long term debt        |                                  |                                             | (1,281.2)                                                  | (23.8)     |
| Total Long-Term Debt                           |                                  |                                             | \$12,074.5                                                 | \$11,055.5 |

Details of our 2024 long-term debt related activity are summarized below:

- On March 14, 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

- On May 16, 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including May 16, 2024 to, but excluding, November 30, 2029 at a rate of 6.950% per annum and (ii) from and including November 30, 2029, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement dated May 13, 2024, which was filed with the SEC on May 14, 2024) as of the then most recent reset interest determination date plus a spread of 2.451%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred. The subordinated notes were issued pursuant to a Subordinated Indenture, dated as of May 16, 2024, between us and The Bank of New York Mellon, as trustee, as supplemented by the First Supplemental Indenture thereto, dated as of May 16, 2024.
- On June 24, 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- On September 9, 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including September 9, 2024 to, but excluding, March 31, 2035 at a rate of 6.375% per annum and (ii) from and including March 31, 2035, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement dated September 3, 2024, which was filed with the SEC on September 4, 2024) as of the then most recent reset interest determination date plus a spread of 2.527%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred. The subordinated notes were issued pursuant to a Subordinated Indenture, dated as of May 16, 2024, between us and The Bank of New York Mellon, as trustee, as supplemented by the Second Supplemental Indenture thereto, dated as of September 9, 2024.

Details of our 2023 long-term debt related activity are summarized below:

- On March 24, 2023, we completed the issuance sale of \$750.0 million of 5.250% senior unsecured notes maturing in 2028, which resulted in approximately \$742.2 million of net proceeds after discount and debt issuance costs.
- On June 8, 2023, we completed the issuance and sale of \$300.0 million of 5.250% senior unsecured notes maturing in 2028 (the "2028 Notes"). The terms of the 2028 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute as a reopening of, our 5.250% senior unsecured notes due 2028 issued on March 24, 2023. With the incremental issuance, we now have \$1.05 billion of 5.250% senior unsecured notes maturing in 2028. On June 8, 2023, we also completed the issuance and sale of \$450.0 million of 5.400% senior unsecured notes maturing in 2033. These issuances resulted in approximately \$742.5 million of total net proceeds after discount and debt issuance costs.

See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2024.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$200 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 15% of our consolidated total assets on December 31, 2022. Additionally, the revolving credit facility requires us to own directly or indirectly at least 70% of NIPSCO. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of \$75.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5.0 million to \$50.0 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

**9. Property, Plant and Equipment**

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

| At December 31, (in millions)                          | 2024                | 2023                |
|--------------------------------------------------------|---------------------|---------------------|
| <b>Property, Plant and Equipment</b>                   |                     |                     |
| Gas Distribution Utility                               | \$ 20,007.2         | \$ 18,154.5         |
| Electric Utility                                       | 8,666.8             | 7,907.9             |
| Corporate                                              | 248.1               | 274.2               |
| Construction Work in Process                           | 2,084.7             | 1,261.1             |
| JV Renewable Generation Assets <sup>(1)</sup>          | 1,434.2             | 1,434.4             |
| Non-Utility and Other                                  | 1,711.9             | 1,450.0             |
| <b>Total Property, Plant and Equipment</b>             | <b>\$ 34,152.9</b>  | <b>\$ 30,482.1</b>  |
| <b>Accumulated Depreciation and Amortization</b>       |                     |                     |
| Gas Distribution Utility                               | \$ (4,166.8)        | \$ (3,924.4)        |
| Electric Utility                                       | (2,707.8)           | (2,709.5)           |
| Corporate                                              | (163.4)             | (174.2)             |
| JV Renewable Generation Assets <sup>(1)</sup>          | (110.4)             | (64.5)              |
| Non-Utility and Other                                  | (1,550.6)           | (1,334.6)           |
| <b>Total Accumulated Depreciation and Amortization</b> | <b>\$ (8,699.0)</b> | <b>\$ (8,207.2)</b> |
| <b>Net Property, Plant and Equipment</b>               | <b>\$ 25,453.9</b>  | <b>\$ 22,274.9</b>  |

<sup>(1)</sup>These JV renewable generation assets owned and operated by JVs between NIPSCO and unrelated tax equity partners represent Non-Utility Property, are depreciated straight-line over 30 years and are part of our NIPSCO Operations segment. Refer to Note 4, "Noncontrolling Interests," for additional information.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2024, 2023 and 2022 were as follows:

|                     | 2024  | 2023  | 2022  |
|---------------------|-------|-------|-------|
| NIPSCO Operations   | 3.0 % | 3.0 % | 2.7 % |
| Columbia Operations | 2.6 % | 2.5 % | 2.4 % |

We recognized depreciation expense of \$820.4 million, \$756.9 million and \$685.0 million for the years ended 2024, 2023 and 2022, respectively. The 2024, 2023 and 2022, depreciation expense includes \$58.9 million, \$12.5 million, and \$11.0 million



**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

related to the regulatory deferral of income associated with our JVs. See Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for additional details.

**Amortization of on-premise Software Costs.** We amortized \$85.2 million, \$77.5 million and \$53.1 million in 2024, 2023 and 2022, respectively, related to software recorded as intangible assets. Our unamortized software balance was \$236.1 million and \$205.6 million at December 31, 2024 and 2023, respectively.

**Amortization of Cloud Computing Costs.** We amortized \$17.7 million, \$12.6 million and \$11.1 million in 2024, 2023 and 2022, respectively, related to cloud computing costs to "Operation and maintenance" expense. Our unamortized cloud computing balance was \$77.5 million and \$32.2 million at December 31, 2024 and 2023, respectively.

**10. Goodwill**

Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. Our goodwill balance was \$1,485.9 million as of December 31, 2024 and 2023. The majority of our goodwill has been allocated to the Columbia Operations segment.

For our annual goodwill impairment analysis performed as of May 1, 2024, we completed a quantitative ("step 1") fair value measurement of our reporting units. Fair value of our reporting units was determined based on a weighting of income and market approaches. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used the most recent cash flow projections. The test indicated that the fair value of each of the reporting units that are allocated goodwill exceeded their carrying values, indicating that no impairment was necessary.

**11. Asset Retirement Obligations**

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities (including our JV facilities), certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have an obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

During the fourth quarter of 2024, we continued to evaluate the applicability of revisions to the EPA rule for disposal of CCRs, which was announced in May 2024. As a result, we recorded an increase of \$149.7 million based on initial assessments of estimated costs to comply with the EPA rule for certain sites. Additional costs will be recorded if they become probable and estimable. These costs are expected to be recoverable through existing and future depreciation rates. See Note 19, "Other Commitments and Contingencies - D. Environmental Matters," for additional information on the legacy CCR rule.

Changes in our liability for asset retirement obligations for the years 2024 and 2023 are presented in the table below:

| <i>(in millions)</i>                               | <b>2024</b>     | <b>2023</b> |
|----------------------------------------------------|-----------------|-------------|
| Beginning Balance                                  | \$ <b>553.0</b> | \$ 513.5    |
| Accretion recorded as a regulatory asset/liability | <b>25.3</b>     | 20.0        |
| Additions                                          | <b>189.9</b>    | 23.5        |
| Settlements                                        | <b>(72.5)</b>   | (41.6)      |
| Change in estimated cash flows                     | <b>87.5</b>     | 37.6        |
| Ending Balance                                     | \$ <b>783.2</b> | \$ 553.0    |

Certain non-legal costs of removal not yet incurred but have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

NI SOURCE INC.

**Notes to Consolidated Financial Statements**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**12. Regulatory Matters**

Regulatory Assets and Liabilities

We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures when the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates will be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers. We assess the probability of collection for all of our regulatory assets each period.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Regulatory assets were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2024              | 2023              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Assets</b>                                                      |                   |                   |
| Unrecognized pension and other postretirement benefit costs (see Note 16)     | \$ 485.3          | \$ 561.6          |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 45.3              | 59.7              |
| Environmental costs (see Note 19-D.)                                          | 42.8              | 40.6              |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 172.0             | 163.5             |
| Under-recovered gas and fuel costs (see Note 1-J.)                            | 82.3              | 12.7              |
| Depreciation                                                                  | 214.9             | 201.9             |
| Post-in-service carrying charges                                              | 280.8             | 269.9             |
| Safety activity costs                                                         | 203.7             | 206.6             |
| DSM programs                                                                  | 17.8              | 25.0              |
| Retired coal generating stations                                              | 617.0             | 682.0             |
| Losses on commodity price risk programs (See Note 13)                         | 6.5               | 24.4              |
| Deferred property taxes                                                       | 75.9              | 72.3              |
| Renewable energy investments                                                  | 81.3              | 60.8              |
| WAM system filing                                                             | 21.5              | —                 |
| Customer assistance programs                                                  | 24.4              | —                 |
| Other                                                                         | 105.8             | 79.2              |
| <b>Total Regulatory Assets</b>                                                | <b>\$ 2,477.3</b> | <b>\$ 2,460.2</b> |
| <b>Less: Current Portion</b>                                                  | <b>319.9</b>      | <b>214.3</b>      |
| <b>Total Noncurrent Regulatory Assets</b>                                     | <b>\$ 2,157.4</b> | <b>\$ 2,245.9</b> |

Regulatory liabilities were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2024              | 2023              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Liabilities</b>                                                 |                   |                   |
| Over-recovered gas and fuel costs (see Note 1-J.)                             | \$ 21.4           | \$ 144.5          |
| Cost of removal (see Note 11)                                                 | 482.8             | 597.2             |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 827.0             | 849.9             |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 40.4              | 54.0              |
| Gains on commodity price risk programs (See Note 13)                          | 28.7              | 23.3              |
| Customer assistance programs                                                  | 9.4               | 19.8              |
| Off-system sales sharing                                                      | 21.4              | 19.0              |
| Renewable energy investments (See Note 1-S. and Note 4)                       | 77.0              | 18.1              |
| Rate refunds                                                                  | 16.6              | 16.1              |
| Other                                                                         | 57.0              | 47.4              |
| <b>Total Regulatory Liabilities</b>                                           | <b>\$ 1,581.7</b> | <b>\$ 1,789.3</b> |
| <b>Less: Current Portion</b>                                                  | <b>150.5</b>      | <b>278.6</b>      |
| <b>Total Noncurrent Regulatory Liabilities</b>                                | <b>\$ 1,431.2</b> | <b>\$ 1,510.7</b> |

Regulatory assets, including under-recovered gas and fuel costs and depreciation, of approximately \$671.3 million and \$716.4 million as of December 31, 2024 and 2023, respectively, are not earning a return on investment. These costs are recovered over a remaining life of between 15 and 75 years.

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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Assets:**

**Unrecognized pension and other postretirement benefit costs.** Represents the deferred other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs by certain subsidiaries that will ultimately be recovered through base rates.

**Deferred pension and other postretirement benefit costs.** Primarily relates to the difference between defined benefit plan expense recorded by certain subsidiaries due to regulatory orders and the corresponding expense that would otherwise be recorded in accordance with GAAP. This balance is driven by Columbia of Ohio deferrals.

**Environmental costs.** Includes certain recoverable costs related to gas plant sites, disposal sites or other sites onto which material may have migrated, the recovery of which is to be addressed in future base rates, billing riders or tracking mechanisms of certain of our subsidiaries.

**Regulatory effects of accounting for income taxes.** Represents the deferral and under collection of deferred taxes in the rate making process.

**Under-recovered gas and fuel costs.** Represents the difference between the costs of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects, and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

**Depreciation.** Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Post-in-service carrying charges.** Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Safety activity costs.** Represents the difference between costs incurred by certain of our subsidiaries in eligible safety programs in compliance with PHMSA regulations in excess of those being recovered in rates. The majority of this balance is driven by Columbia of Ohio, which began recovery in March 2023 through base rates.

**DSM programs.** Represents costs associated with Columbia Operations and NIPSCO Operations energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

**Retired coal generating stations.** Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018 and the net book value of Units 14 and 15 of R.M. Schahfer Generating Station retired in 2021. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates. The August 2023 NIPSCO electric rate case order extends the recovery of, and on, the net book value of the stations by the end of 2034 and implements a revenue credit for the retired units. The credit is based on the difference between the year-end value of Units 14 and 15 and the most recent value established in the last base rate case proceeding or credit compliance filing.

**Losses on commodity price risk programs.** Represents the unrealized losses related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices and these amounts are collected from customers through their inclusion in customer rates.

**Deferred property taxes.** Represents the deferral and under collection of property taxes in the rate making process for Columbia of Ohio and is driven by the IRP and CEP deferrals.

**Renewable energy investments.** Represents the regulatory deferral of renewable energy formation and developer costs.

**WAM system filing.** Represents the deferral of certain costs, including depreciation and amortization incurred in connection with improvements to its information technology systems through the design, development, and implementation of a new WAM program for the scheduling, dispatch, and execution of work and the management of underlying assets.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be collected from customers.

NISOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Liabilities:**

**Over-recovered gas and fuel costs.** Represents the difference between the cost of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects and, the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

**Cost of removal.** Represents anticipated costs of removal for utility assets that have been collected through depreciation rates for future costs to be incurred.

**Regulatory effects of accounting for income taxes.** Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2024 and federal tax credits generated by Cavalry solar facility that are passed back to customers. For discussion of the regulatory impact of the NIPSCO Minority Interest Transaction on deferred taxes, see Note 15, "Income Taxes," for additional details.

**Deferred pension and other postretirement benefit costs.** Primarily represents cash contributions in excess of postretirement benefit expense that is deferred by certain subsidiaries.

**Gains on commodity price risk programs.** Represents the unrealized gains related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices, and these amounts are passed back to customers through their inclusion in customer rates.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be refunded to customers.

**Renewable energy investments.** Represents the regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The offset to the regulatory liability associated with our renewable investments is recorded in "Depreciation expense" on the Statements of Consolidated Comprehensive Income. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," Note 4, "Noncontrolling Interests," and Note 9, "Property, Plant and Equipment," for additional information.

**Rate Refunds.** Represents supplier refunds received by the company that are owed to customers and will be remitted and amounts that are being collected in rates subject to refund.

**Off System Sales Sharing.** Represents amounts to be passed back to the customers as a result of Off System sales that is shared between the company and the customer.

**Regulatory Filings**

Renewable generation filings

In March 2024, NIPSCO filed a petition with the IURC to issue an order modifying its November 22, 2023 order to approve direct ownership of the Gibson project. Also, in March 2024, NIPSCO filed a petition with the IURC to issue an order modifying its June 29, 2021 order to approve direct ownership of the Fairbanks project. Hearings for both the Gibson project and Fairbanks project were held in June 2024 and July 2024, respectively, with orders approving direct ownership of both projects received in August 2024.

NIPSCO Gas peaker filing

In September 2023, NIPSCO filed a request for issuance of a CPCN for an approximately 400 MW natural gas peaking generation facility with the IURC, which was supplemented in January 2024 based on updates on availability of certain key equipment. A final order was received in October 2024 approving the request.

**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

NIPSCO Electric rate case filing

On February 7, 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC. New rates proposed to be implemented in 2 steps, with implementation of Step 1 rates effective no later than September 2025 and Step 2 rates to be effective no later than March 2026.

Columbia of Virginia rate case filing

Columbia of Virginia and the intervening parties, with the exception of the Office of the Attorney General, filed a Joint Stipulation and Proposed Recommendation for settlement on December 5, 2024 for an annual revenue increase of \$28.2 million, net of SAVE. Rates became effective on an as filed basis in October 2024 and we have recorded a regulatory liability to reflect the pending settlement.

**13. Risk Management Activities**

We are exposed to certain risks related 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 limit volatility in the price of natural gas, and manage interest rate exposure.

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

|                                                   | <b>December 31, 2024</b> |                    | <b>December 31, 2023</b> |                    |
|---------------------------------------------------|--------------------------|--------------------|--------------------------|--------------------|
| <i>(in millions)</i>                              | <b>Assets</b>            | <b>Liabilities</b> | <b>Assets</b>            | <b>Liabilities</b> |
| <b>Current<sup>(1)</sup></b>                      |                          |                    |                          |                    |
| Derivatives not designated as hedging instruments | \$ 9.1                   | \$ 2.3             | \$ 1.1                   | \$ 7.5             |
| <b>Total</b>                                      | <b>\$ 9.1</b>            | <b>\$ 2.3</b>      | <b>\$ 1.1</b>            | <b>\$ 7.5</b>      |
| <b>Noncurrent<sup>(2)</sup></b>                   |                          |                    |                          |                    |
| Derivatives not designated as hedging instruments | \$ 17.9                  | \$ 1.2             | \$ 22.2                  | \$ 1.9             |
| <b>Total</b>                                      | <b>\$ 17.9</b>           | <b>\$ 1.2</b>      | <b>\$ 22.2</b>           | <b>\$ 1.9</b>      |

<sup>(1)</sup> Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Consolidated Balance Sheets.

<sup>(2)</sup> Noncurrent assets and liabilities are presented in "Deferred charges and other" and "Other noncurrent liabilities and deferred credits", respectively, on the Consolidated Balance Sheets.

Our derivative instruments are subject to enforceable master netting arrangements or similar agreements. No collateral was either received or posted related to our outstanding derivative positions at December 31, 2024 and 2023. If the above gross asset and liability positions were presented net of amounts owed or receivable from counterparties, we would report a net asset position of \$23.5 million and \$13.9 million at December 31, 2024 and 2023, respectively.

Derivatives Not Designated as Hedging Instruments

**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. As of December 31, 2024 and 2023, we had 77.8 MMDth and 76.1 MMDth, respectively, of net energy derivative volumes outstanding related to our natural gas hedges.

NIPSCO has received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments and is limited to 20% of NIPSCO's average annual GCA purchase volume. As of December 31, 2024, the remaining terms of these instruments range from one to three years. Likewise, Columbia of Pennsylvania has received approval for a 24-month rolling hedge program. The hedging program was executed in December 2023, with an effective date of April 1, 2024 and will continue in perpetuity. The program is designed to financially hedge approximately 20% of the customer's annual demand. All gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through the relevant cost recovery mechanism.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Derivatives Designated as Hedging Instruments

**Interest rate risk management.** As of December 31, 2024 and 2023, we had no forward-starting interest rate swaps outstanding.

The overall net loss related to our multiple settled interest rate swaps is recorded to AOCI. We amortize the net loss over the life of the debt associated with these swaps as we recognize interest expense. These amounts are immaterial in 2024, 2023 and 2022 and are recorded in "Interest expense, net" on the Statements of Consolidated Income.

Cash flows for derivative financial instruments are generally classified as operating activities.

**14. Fair Value**

**A. Fair Value Measurements**

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2024 and December 31, 2023:

| Recurring Fair Value Measurements<br>December 31, 2024 ( <i>in millions</i> ) | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2024 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                               |                                                           |                                                    |                                    |
| U.S. Treasury debt securities <sup>(1)</sup>                                  | \$ 80.1                                                                       | \$ —                                                      | \$ —                                               | \$ 80.1                            |
| Risk management assets                                                        | —                                                                             | 27.0                                                      | —                                                  | 27.0                               |
| Available-for-sale debt securities                                            | —                                                                             | 86.7                                                      | —                                                  | 86.7                               |
| <b>Total</b>                                                                  | <b>\$ 80.1</b>                                                                | <b>\$ 113.7</b>                                           | <b>\$ —</b>                                        | <b>\$ 193.8</b>                    |
| <b>Liabilities</b>                                                            |                                                                               |                                                           |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                          | \$ 3.5                                                    | \$ —                                               | \$ 3.5                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                                   | <b>\$ 3.5</b>                                             | <b>\$ —</b>                                        | <b>\$ 3.5</b>                      |

<sup>(1)</sup> Treasury bills are presented in "Cash and cash equivalents" and "Restricted cash" on the Consolidated Balance Sheets.

| Recurring Fair Value Measurements<br>December 31, 2023 ( <i>in millions</i> ) | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2023 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                               |                                                           |                                                    |                                    |
| Risk management assets                                                        | \$ —                                                                          | \$ 23.3                                                   | \$ —                                               | \$ 23.3                            |
| Available-for-sale debt securities                                            | —                                                                             | 159.1                                                     | —                                                  | 159.1                              |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                                   | <b>\$ 182.4</b>                                           | <b>\$ —</b>                                        | <b>\$ 182.4</b>                    |
| <b>Liabilities</b>                                                            |                                                                               |                                                           |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                          | \$ 9.4                                                    | \$ —                                               | \$ 9.4                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                                   | <b>\$ 9.4</b>                                             | <b>\$ —</b>                                        | <b>\$ 9.4</b>                      |

**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.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

*Level 1-* 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. These financial assets and liabilities are deemed to be cleared and settled daily by NYMEX as the related cash collateral is posted with the exchange. As a result of this exchange rule, NYMEX derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and are subject to future commodity price fluctuations until they are settled in accordance with their contractual terms.

*Level 2-* 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.

*Level 3-* 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 that reduce exposures. As of December 31, 2024 and 2023, 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.

NIPSCO and Columbia of Pennsylvania have entered into long-term forward natural gas purchase instruments to lock in a fixed price for their 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 13, "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.

Our available-for-sale debt securities impairments are recognized periodically using an allowance approach. 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 the security's fair value is less than its amortized cost basis. If certain amounts recorded 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. As of December 31, 2024 and December 31, 2023, we recorded \$0.1 million and \$0.6 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.



NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at December 31, 2024 and 2023 were:

| December 31, 2024 <i>(in millions)</i>    | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses <sup>(1)</sup> | Allowance for<br>Credit Losses | Fair Value     |
|-------------------------------------------|-------------------|------------------------------|----------------------------------------------|--------------------------------|----------------|
| <b>Available-for-sale debt securities</b> |                   |                              |                                              |                                |                |
| Corporate/Other debt securities           | \$ 91.9           | \$ 0.5                       | \$ (5.6)                                     | \$ (0.1)                       | \$ 86.7        |
| <b>Total</b>                              | <b>\$ 91.9</b>    | <b>\$ 0.5</b>                | <b>\$ (5.6)</b>                              | <b>\$ (0.1)</b>                | <b>\$ 86.7</b> |

| December 31, 2023 <i>(in millions)</i>    | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses <sup>(2)</sup> | Allowance for<br>Credit Losses | Fair Value      |
|-------------------------------------------|-------------------|------------------------------|----------------------------------------------|--------------------------------|-----------------|
| <b>Available-for-sale debt securities</b> |                   |                              |                                              |                                |                 |
| U.S. Treasury debt securities             | \$ 63.8           | \$ —                         | \$ (3.2)                                     | \$ —                           | \$ 60.6         |
| Corporate/Other debt securities           | 105.2             | 0.8                          | (6.9)                                        | (0.6)                          | 98.5            |
| <b>Total</b>                              | <b>\$ 169.0</b>   | <b>\$ 0.8</b>                | <b>\$ (10.1)</b>                             | <b>\$ (0.6)</b>                | <b>\$ 159.1</b> |

<sup>(1)</sup> Fair value of Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$70.1 million at December 31, 2024.

<sup>(2)</sup> 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 \$58.7 million and \$74.8 million, respectively, at December 31, 2023.

Realized gains and losses on available-for-sale securities was \$2.3 million for the year ended December 31, 2024 and \$1.0 million for 2023.

The cost of maturities sold is based upon specific identification. At December 31, 2024, approximately \$10.9 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 for the years ended December 31, 2024 and 2023.

Additional plan investments in corporate-owned life insurance are recorded at their cash surrender value, not fair value, and therefore are not included above. These plan investments are classified as "Other investments" on the Consolidated Balance Sheets.

Non-recurring Fair Value Measurements

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

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

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

**Long-term debt.** The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the years ended December 31, 2024 and 2023, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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

| At December 31, (in millions)              | Carrying<br>Amount<br>2024 | Estimated<br>Fair Value<br>2024 | Carrying<br>Amount<br>2023 | Estimated<br>Fair Value<br>2023 |
|--------------------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
| Long-term debt (including current portion) | \$ 13,355.7                | \$ 12,505.2                     | \$ 11,079.3                | \$ 10,370.9                     |

15. Income Taxes

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws and associated regulations involves uncertainty as taxing authorities may interpret the laws differently.

NIPSCO's historical business activities through the closing of the NIPSCO Minority Interest Transaction in 2023 were included in the consolidated U.S. federal and certain state income tax returns of NiSource Inc. Historically, NIPSCO has been treated as a taxable division of its corporate parent, NiSource Inc., and then as a division of NIPSCO Holdings I effective April 13, 2023. In connection with the NIPSCO Minority Interest Transaction, NIPSCO Holdings I retained NIPSCO's income tax balances and 80.1% of the excess deferred income tax regulatory balances as described below. NIPSCO Holdings I's income tax balances are based on the difference between the financial statement amount and the tax basis of its investment in NIPSCO Holdings II.

**Income Tax Expense.** The components of income tax expense (benefit) were as follows:

| Year Ended December 31, (in millions)                            | 2024      | 2023     | 2022     |
|------------------------------------------------------------------|-----------|----------|----------|
| <b>Income Taxes</b>                                              |           |          |          |
| Current                                                          |           |          |          |
| Federal                                                          | \$ (19.3) | \$ —     | \$ 0.4   |
| State                                                            | 9.4       | 5.3      | 7.3      |
| Total Current (Benefit) Expense                                  | (9.9)     | 5.3      | 7.7      |
| Deferred                                                         |           |          |          |
| Federal                                                          |           |          |          |
| Taxes before operating loss carryforwards and investment credits | 105.9     | 49.7     | 87.9     |
| Tax utilization expense of operating loss carryforwards          | 60.4      | 65.1     | 93.1     |
| Investment tax credits                                           | (0.1)     | (2.1)    | —        |
| State                                                            | 2.6       | 22.5     | (23.0)   |
| Total Deferred Expense                                           | 168.8     | 135.2    | 158.0    |
| Deferred Investment Tax Credits                                  | (0.8)     | (1.0)    | (1.1)    |
| <b>Income Taxes from Continuing Operations</b>                   | \$ 158.1  | \$ 139.5 | \$ 164.6 |

In connection with the NIPSCO Minority Interest Transaction during 2023, NiSource recognized a \$63.5 million income tax benefit in additional paid in capital related to 19.9% of NIPSCO's excess deferred income taxes attributable to Blackstone's noncontrolling interest. This benefit does not impact NIPSCO's regulatory books or the excess deferred taxes that will benefit customers through lower future rates in accordance with applicable regulatory orders. See Note 4, "Noncontrolling Interests," for further discussion of the NIPSCO Minority Interest Transaction.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Statutory Rate Reconciliation.** The following table represents a reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense from continuing operations:

| Year Ended December 31, <i>(in millions)</i>                   | <b>2024</b>       |               | <b>2023</b>     |               | <b>2022</b>     |               |
|----------------------------------------------------------------|-------------------|---------------|-----------------|---------------|-----------------|---------------|
| Book income before income taxes                                | <b>\$ 1,002.8</b> |               | <b>\$ 813.9</b> |               | <b>\$ 956.4</b> |               |
| Tax expense at statutory federal income tax rate               | <b>210.6</b>      | <b>21.0 %</b> | <b>170.8</b>    | <b>21.0 %</b> | <b>200.8</b>    | <b>21.0 %</b> |
| Increases (reductions) in taxes resulting from:                |                   |               |                 |               |                 |               |
| State income taxes, net of federal income tax benefit          | <b>11.7</b>       | <b>1.2</b>    | <b>13.7</b>     | <b>1.7</b>    | <b>4.5</b>      | <b>0.5</b>    |
| Amortization of regulatory liabilities                         | <b>(11.1)</b>     | <b>(1.1)</b>  | <b>(38.2)</b>   | <b>(4.7)</b>  | <b>(38.5)</b>   | <b>(4.0)</b>  |
| Employee stock ownership plan dividends and other compensation | <b>(1.3)</b>      | <b>(0.1)</b>  | <b>(1.3)</b>    | <b>(0.2)</b>  | <b>(1.2)</b>    | <b>(0.1)</b>  |
| Federal tax credits                                            | <b>(23.3)</b>     | <b>(2.3)</b>  | <b>(4.9)</b>    | <b>(0.6)</b>  | <b>(2.3)</b>    | <b>(0.2)</b>  |
| Tax effect of non-controlling Interest                         | <b>(27.3)</b>     | <b>(2.7)</b>  | <b>—</b>        | <b>—</b>      | <b>—</b>        | <b>—</b>      |
| Other adjustments                                              | <b>(1.2)</b>      | <b>(0.2)</b>  | <b>(0.6)</b>    | <b>(0.1)</b>  | <b>1.3</b>      | <b>—</b>      |
| Income Taxes                                                   | <b>\$ 158.1</b>   | <b>15.8 %</b> | <b>\$ 139.5</b> | <b>17.1 %</b> | <b>\$ 164.6</b> | <b>17.2 %</b> |

The increase in tax expense of \$18.6 million in 2024 versus 2023 was primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest, and higher federal tax credits generated by the Cavalry solar and storage facility that are offset in a regulatory liability to pass back to customers in future periods.

The decrease in the Amortization of Regulatory Liabilities in 2024 versus 2023 was primarily due to the regulatory liability established for the Cavalry tax credits generated in 2024, net of TCJA excess deferred amortization which decreased approximately \$7.9 million from the prior year.

The difference in tax expense of \$25.1 million in 2023 versus 2022 was primarily due to lower pre-tax income.

**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Net Deferred Income Tax Liability Components.** Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liabilities were as follows:

| At December 31, (in millions)                                                     | 2024              | 2023              |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax liabilities</b>                                                   |                   |                   |
| Accelerated depreciation and other property differences                           | \$ 1,419.4        | \$ 1,384.8        |
| Partnership basis differences                                                     | 1,328.6           | 1,241.9           |
| Other regulatory assets                                                           | 210.1             | 212.1             |
| <b>Total Deferred Tax Liabilities</b>                                             | <b>2,958.1</b>    | <b>2,838.8</b>    |
| <b>Deferred tax assets</b>                                                        |                   |                   |
| Other regulatory liabilities and deferred investment tax credits (including TCJA) | 170.4             | 182.2             |
| Pension and other postretirement/postemployment benefits                          | 58.8              | 58.6              |
| Loss and credit carryforwards                                                     | 369.4             | 422.9             |
| Environmental liabilities                                                         | 12.2              | 10.1              |
| Other accrued liabilities                                                         | 43.4              | 40.3              |
| Other, net                                                                        | 28.7              | 50.7              |
| <b>Total Deferred Tax Assets</b>                                                  | <b>682.9</b>      | <b>764.8</b>      |
| Valuation Allowance                                                               | (6.4)             | (6.4)             |
| <b>Net Deferred Tax Assets</b>                                                    | <b>676.5</b>      | <b>758.4</b>      |
| <b>Net Deferred Tax Liabilities</b>                                               | <b>\$ 2,281.6</b> | <b>\$ 2,080.4</b> |

In connection with the NIPSCO Minority Interest Transaction, NIPSCO's deferred taxes were removed from its GAAP books and were reconstituted as deferred taxes on the outside basis difference of NiSource's investment in NIPSCO Holdings II. These deferred taxes are reflected as partnership basis differences above.

NiSource has the following deductible loss and credit carryforwards:

| At December 31, 2024 (in millions) | Deductible Amount | Deferred Tax Asset | Valuation Allowance | Expiration Period |
|------------------------------------|-------------------|--------------------|---------------------|-------------------|
| Federal losses                     | \$ 1,369.1        | \$ 287.5           | \$ —                | 2037              |
| Federal investment tax credits     | —                 | 2.2                | —                   | 2043              |
| Federal production tax credits     | —                 | 1.0                | —                   | 2040-2043         |
| Federal other credit               | —                 | 17.3               | —                   | 2029-2043         |
| State losses                       | 2,024.4           | 81.9               | (6.4)               | 2031-2037         |
| <b>Total</b>                       |                   | <b>\$ 389.9</b>    | <b>\$ (6.4)</b>     |                   |

We believe it is not more likely than not that a portion of the benefit from certain state net operating loss carryforwards will be realized. We have recorded a valuation allowance of \$6.4 million on the deferred tax assets related to sale of Massachusetts Business assets reflected in the state net operating loss carryforward presented above.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Unrecognized Tax Benefits.** A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| At December 31, 2024 (in millions)                    | 2024    | 2023    | 2022    |
|-------------------------------------------------------|---------|---------|---------|
| <b>Opening Balance</b>                                | \$ 21.7 | \$ 21.7 | \$ 21.7 |
| Gross decreases - tax positions in prior period       | —       | —       | —       |
| Gross increases - current period tax positions        | —       | —       | —       |
| <b>Ending Balance</b>                                 | \$ 21.7 | \$ 21.7 | \$ 21.7 |
| Offset for net operating loss carryforwards           | (21.7)  | (21.7)  | (21.7)  |
| <b>Balance, Less Net Operating Loss Carryforwards</b> | \$ —    | \$ —    | \$ —    |

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP, which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2024, tax years through 2021 have been audited and are closed to further assessment. The Company has transitioned to the Bridge Phase of the IRS CAP for the year ended December 31, 2022 and participated in the Bridge Plus pilot program in 2022 and 2023. NiSource received a full acceptance letter from the IRS for its 2022 return, but has not yet received a final acceptance letter from the IRS for its 2023 return. However, no adjustments are expected, and the year is effectively closed to further assessment.

The statute of limitations in each of the state jurisdictions in which we operate remains open between 3-4 years from the date the state income tax returns are filed. As of December 31, 2024, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is obligated to report adjustments resulting from IRS audits or settlements to state taxing authorities. In addition, if NiSource utilizes net operating losses or tax credits generated in years for which the statute of limitations has expired, such amounts are generally subject to examination.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 which provides a safe harbor method of accounting that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve linear property and non-linear natural gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. On June 3, 2024, the IRS extended the favorable rules to a Year 2 adoption period. The Company is planning to elect this change in tax accounting method with its 2024 consolidated tax return filing in the upcoming year and continues to analyze and quantify the provisions of the safe harbor method of accounting.

**16. Pension and Other Postemployment Benefits**

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

**Our Pension and Other Postretirement Benefit Plans' Asset Management.** The Board has delegated oversight of the pension and other postretirement benefit plans' assets to the NiSource Benefits Committee (the "Committee"). The Committee has adopted investment policy statements for the pension and other postretirement benefit plans' assets. For the pension plans, we employ a liability-driven investing strategy. A total return approach is utilized for the other postretirement benefit plans' assets. A mix of diversified investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. The investment portfolio includes U.S. and non-U.S. equities, real estate, long-term and intermediate-term fixed income and alternative investments. Risk tolerance is established through careful consideration of plan liabilities, funded status, and asset class volatility. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

In determining the expected long-term rate of return on plan assets, historical markets are studied, relationships between equities and fixed income are analyzed and current market factors, such as inflation and interest rates are evaluated with consideration of diversification and rebalancing. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding long-term capital market assumptions for each asset class. The pension plans' investment policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans' increase.

As of December 31, 2024 and December 31, 2023, the acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

| December 31, 2024<br><b>Asset Category</b> | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|--------------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                            | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                          | 10%                          | 30%     | 0%                          | 55%     |
| International Equities                     | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                               | 65%                          | 75%     | 20%                         | 100%    |
| Real Estate                                | 0%                           | 0%      | 0%                          | 0%      |
| Private Equity                             | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments                     | 0%                           | 10%     | 0%                          | 10%     |

| December 31, 2023<br><b>Asset Category</b> | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|--------------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                            | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                          | 10%                          | 30%     | 0%                          | 55%     |
| International Equities                     | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                               | 65%                          | 75%     | 20%                         | 100%    |
| Real Estate                                | 0%                           | 0%      | 0%                          | 0%      |
| Private Equity                             | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments                     | 0%                           | 10%     | 0%                          | 10%     |

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The actual Pension Plan and Postretirement Plan Asset Mix at December 31, 2024 and December 31, 2023 are as follows:

| <b>Asset Class (in millions)</b> | <b>Defined Benefit<br/>Pension<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2024</b> | <b>Postretirement<br/>Benefit Plan<br/>Assets</b> | <b>December 31,<br/>2024</b> |
|----------------------------------|-------------------------------------------------------------|------------------------------|---------------------------------------------------|------------------------------|
|                                  | <b>Asset Value</b>                                          | <b>% of Total<br/>Assets</b> | <b>Asset Value</b>                                | <b>% of Total<br/>Assets</b> |
| Domestic Equities                | \$ 258.9                                                    | 19.4 %                       | \$ 99.6                                           | 40.9 %                       |
| International Equities           | 122.5                                                       | 9.2 %                        | 40.7                                              | 16.7 %                       |
| Fixed Income                     | 891.2                                                       | 66.7 %                       | 96.5                                              | 39.6 %                       |
| Real Estate                      | 4.0                                                         | 0.3 %                        | —                                                 | —                            |
| Cash/Other                       | 59.8                                                        | 4.4 %                        | 6.7                                               | 2.8 %                        |
| <b>Total</b>                     | <b>\$ 1,336.4</b>                                           | <b>100.0 %</b>               | <b>\$ 243.5</b>                                   | <b>100.0 %</b>               |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

| <b>Asset Class (in millions)</b> | <b>Defined Benefit<br/>Pension<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2023</b> | <b>Postretirement<br/>Benefit Plan<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2023</b> |
|----------------------------------|-------------------------------------------------------------|------------------------------|-----------------------------------------------------------------|------------------------------|
|                                  | <b>Asset Value</b>                                          | <b>% of Total<br/>Assets</b> | <b>Asset Value</b>                                              | <b>% of Total<br/>Assets</b> |
| Domestic Equities                | \$ 261.7                                                    | 18.3 %                       | \$ 93.7                                                         | 39.6 %                       |
| International Equities           | 141.9                                                       | 9.9 %                        | 40.7                                                            | 17.2 %                       |
| Fixed Income                     | 939.9                                                       | 65.9 %                       | 97.0                                                            | 41.0 %                       |
| Real Estate                      | 4.0                                                         | 0.3 %                        | —                                                               | —                            |
| Cash/Other                       | 79.3                                                        | 5.6 %                        | 5.1                                                             | 2.2 %                        |
| <b>Total</b>                     | <b>\$ 1,426.8</b>                                           | <b>100.0 %</b>               | <b>\$ 236.5</b>                                                 | <b>100.0 %</b>               |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

The categorization of investments into the asset classes in the tables above are based on definitions established by the Committee.

**Fair Value Measurements.** The following table sets forth, by level within the fair value hierarchy, the pension and other postretirement benefits investment assets at fair value as of December 31, 2024 and 2023. Assets are classified in their entirety based on the observability of inputs used in determining the fair value measurement. There were no material investment assets in the pension and other postretirement benefits trusts classified within Level 3 for the years ended December 31, 2024 and 2023.

We use the following valuation techniques to determine fair value. For the year ended December 31, 2024, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

**Level 1 Measurements**

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost, which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

**Level 2 Measurements**

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

*Level 3 Measurements*

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

*Not Classified*

Commingled funds, private equity limited partnerships and real estate partnerships are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity funds invest capital in non-public companies and real estate funds invest in commercial and distressed real estate directly or through related debt instruments. The fair value of these investments is determined by reference to the funds' underlying assets.



**NiSOURCE INC.**  
**Notes to Consolidated Financial Statements**  
**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Fair Value Measurements at December 31, 2024:

| <i>(in millions)</i>                                              | December 31,<br>2024 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                     |                                                 |
| Cash                                                              | \$ 1.2               | \$ 1.1                                                                  | \$ 0.1                                              | \$ —                                            |
| Fixed income securities                                           |                      |                                                                         |                                                     |                                                 |
| Government                                                        | 186.8                | —                                                                       | 186.8                                               | —                                               |
| Corporate                                                         | 486.6                | —                                                                       | 486.6                                               | —                                               |
| Mortgages/ Asset Backed Securities                                | 3.6                  | —                                                                       | 3.6                                                 | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 56.1                 | 56.1                                                                    | —                                                   | —                                               |
| International equities                                            | 57.2                 | 57.2                                                                    | —                                                   | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 3.1                  | —                                                                       | —                                                   | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.8                  | —                                                                       | —                                                   | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                   | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                       | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 45.9                 | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 202.8                | —                                                                       | —                                                   | —                                               |
| International equities                                            | 65.3                 | —                                                                       | —                                                   | —                                               |
| Fixed income                                                      | 214.1                | —                                                                       | —                                                   | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,327.6</b>    | <b>\$ 114.4</b>                                                         | <b>\$ 677.1</b>                                     | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                     |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 87.4                 | 87.4                                                                    | —                                                   | —                                               |
| International equities                                            | 16.5                 | 16.5                                                                    | —                                                   | —                                               |
| Fixed income                                                      | 96.5                 | 96.5                                                                    | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 6.7                  | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 12.2                 | —                                                                       | —                                                   | —                                               |
| International equities                                            | 24.2                 | —                                                                       | —                                                   | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 243.5</b>      | <b>\$ 200.4</b>                                                         | <b>\$ —</b>                                         | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.1)                | —                                                                       | (0.1)                                               | —                                               |
| Accrued income/dividends                                          | 8.9                  | 8.9                                                                     | —                                                   | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,579.9</b>    | <b>\$ 323.7</b>                                                         | <b>\$ 677.0</b>                                     | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2024:

| <i>(in millions)</i>                                               | Fair Value      | Redemption Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|-----------------|----------------------|--------------------------|
| Commingled Funds                                                   |                 |                      |                          |
| Short-term money markets                                           | \$ 52.6         | Daily                | 1 day                    |
| U.S. equities                                                      | 215.0           | Daily                | 1 day - 5 days           |
| International equities                                             | 89.5            | Monthly              | 10 days-30 days          |
| Fixed income                                                       | 214.1           | Daily                | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 8.0             | N/A                  | N/A                      |
| <b>Total</b>                                                       | <b>\$ 579.2</b> |                      |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Fair Value Measurements at December 31, 2023:

| <i>(in millions)</i>                                              | December 31,<br>2023 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                     |                                                 |
| Cash                                                              | \$ 2.2               | \$ 2.0                                                                  | \$ 0.2                                              | \$ —                                            |
| Equity securities                                                 |                      |                                                                         |                                                     |                                                 |
| International equities                                            | 1.1                  | 1.1                                                                     | —                                                   | —                                               |
| Fixed income securities                                           |                      |                                                                         |                                                     |                                                 |
| Government                                                        | 213.1                | —                                                                       | 213.1                                               | —                                               |
| Corporate                                                         | 482.2                | —                                                                       | 482.2                                               | —                                               |
| Mortgages/Asset backed securities                                 | 2.4                  | —                                                                       | 2.4                                                 | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 113.1                | 113.1                                                                   | —                                                   | —                                               |
| International equities                                            | 38.5                 | 38.5                                                                    | —                                                   | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 4.8                  | —                                                                       | —                                                   | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 1.2                  | —                                                                       | —                                                   | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                   | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                       | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 65.3                 | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 148.5                | —                                                                       | —                                                   | —                                               |
| International equities                                            | 102.3                | —                                                                       | —                                                   | —                                               |
| Fixed income                                                      | 242.2                | —                                                                       | —                                                   | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,421.0</b>    | <b>\$ 154.7</b>                                                         | <b>\$ 697.9</b>                                     | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                     |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 82.4                 | 82.4                                                                    | —                                                   | —                                               |
| International equities                                            | 18.0                 | 18.0                                                                    | —                                                   | —                                               |
| Fixed income                                                      | 97.0                 | 97.0                                                                    | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 5.2                  | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 11.4                 | —                                                                       | —                                                   | —                                               |
| International equities                                            | 22.8                 | —                                                                       | —                                                   | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 236.8</b>      | <b>\$ 197.4</b>                                                         | <b>\$ —</b>                                         | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (2.7)                | —                                                                       | (2.7)                                               | —                                               |
| Accrued income/dividends                                          | 8.5                  | 8.5                                                                     | —                                                   | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,663.6</b>    | <b>\$ 360.6</b>                                                         | <b>\$ 695.2</b>                                     | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2023:

| <i>(in millions)</i>                                               | Fair Value | Redemption Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|------------|----------------------|--------------------------|
| Commingled Funds                                                   |            |                      |                          |
| Short-term money markets                                           | \$ 70.5    | Daily                | 1 day                    |
| U.S. equities                                                      | 159.9      | Daily                | 1 day -5 days            |
| International equities                                             | 125.1      | Monthly              | 10 days - 30 days        |
| Fixed income                                                       | 242.2      | Daily                | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 10.1       | N/A                  | N/A                      |
| Total                                                              | \$ 607.8   |                      |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure.** The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

| (in millions)                                                                                                   | Pension Benefits  |                   | Other Postretirement Benefits |                   |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
|                                                                                                                 | 2024              | 2023              | 2024                          | 2023              |
| <b>Change in projected benefit obligation<sup>(1)</sup></b>                                                     |                   |                   |                               |                   |
| Benefit obligation at beginning of year                                                                         | \$ 1,401.8        | \$ 1,427.4        | \$ 468.8                      | \$ 449.0          |
| Service cost                                                                                                    | 21.9              | 20.5              | 5.0                           | 5.1               |
| Interest cost                                                                                                   | 64.9              | 68.4              | 22.0                          | 21.8              |
| Plan participants' contributions                                                                                | —                 | —                 | 3.6                           | 4.2               |
| Plan amendments                                                                                                 | —                 | —                 | —                             | 3.4               |
| Actuarial loss (gain) <sup>(2)</sup>                                                                            | (64.8)            | 27.4              | (22.5)                        | 29.1              |
| Benefits paid                                                                                                   | (136.4)           | (141.9)           | (40.7)                        | (44.3)            |
| Estimated benefits paid by incurred subsidy                                                                     | —                 | —                 | 0.1                           | 0.5               |
| <b>Projected benefit obligation at end of year</b>                                                              | <b>\$ 1,287.4</b> | <b>\$ 1,401.8</b> | <b>\$ 436.3</b>               | <b>\$ 468.8</b>   |
| <b>Change in plan assets</b>                                                                                    |                   |                   |                               |                   |
| Fair value of plan assets at beginning of year                                                                  | \$ 1,426.8        | \$ 1,422.8        | \$ 236.5                      | \$ 224.9          |
| Actual return on plan assets                                                                                    | 43.7              | 142.8             | 20.0                          | 28.2              |
| Employer contributions                                                                                          | 2.4               | 3.1               | 23.6                          | 23.4              |
| Plan participants' contributions                                                                                | —                 | —                 | 3.8                           | 4.3               |
| Benefits paid                                                                                                   | (136.4)           | (141.9)           | (40.7)                        | (44.3)            |
| <b>Fair value of plan assets at end of year</b>                                                                 | <b>\$ 1,336.5</b> | <b>\$ 1,426.8</b> | <b>\$ 243.2</b>               | <b>\$ 236.5</b>   |
| <b>Funded Status at end of year</b>                                                                             | <b>\$ 49.1</b>    | <b>\$ 25.0</b>    | <b>\$ (193.1)</b>             | <b>\$ (232.3)</b> |
| <b>Amounts recognized in the statement of financial position consist of:</b>                                    |                   |                   |                               |                   |
| Noncurrent assets                                                                                               | 66.5              | 44.1              | —                             | —                 |
| Current liabilities                                                                                             | (2.3)             | (2.2)             | (1.0)                         | (1.0)             |
| Noncurrent liabilities                                                                                          | (15.1)            | (16.9)            | (192.1)                       | (231.3)           |
| <b>Net amount recognized at end of year<sup>(3)</sup></b>                                                       | <b>\$ 49.1</b>    | <b>\$ 25.0</b>    | <b>\$ (193.1)</b>             | <b>\$ (232.3)</b> |
| <b>Amounts recognized in accumulated other comprehensive income or regulatory asset/liability<sup>(4)</sup></b> |                   |                   |                               |                   |
| Unrecognized prior service credit                                                                               | \$ 0.3            | \$ 0.3            | \$ 3.8                        | \$ 2.1            |
| Unrecognized actuarial loss                                                                                     | 451.4             | 500.4             | 47.0                          | 76.6              |
| <b>Net amount recognized at end of year</b>                                                                     | <b>\$ 451.7</b>   | <b>\$ 500.7</b>   | <b>\$ 50.8</b>                | <b>\$ 78.7</b>    |

<sup>(1)</sup>The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.

<sup>(2)</sup>The pension actuarial gain was primarily driven by the increase in discount rates interest rate movements. The postretirement benefit actuarial loss (gain) was also primarily driven by a increase in discount rates and claims experience changes in trend rates.

<sup>(3)</sup>We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

<sup>(4)</sup>We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of \$485.3 million and zero, respectively, as of December 31, 2024, and \$561.6 million and zero, respectively, as of December 31, 2023 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was \$1,278.4 million and \$1,390.9 million as of December 31, 2024 and 2023, respectively. The accumulated benefit obligation at each date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of our pension and postretirement benefit plans on the Consolidated Balance Sheet. The funded status of the plans is measured as the difference between the plan assets' fair value and the projected benefit obligation. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

For our pension plans as of December 31, 2024 and 2023, only our nonqualified plans were underfunded. These plans have no assets as they are not funded until benefits are paid. The following table sets forth the year end accumulated benefit obligation and projected benefit obligation for pension plans with a projected benefit obligation in excess of plan assets:

|                                                                  | <b>December 31,</b> |                  |
|------------------------------------------------------------------|---------------------|------------------|
|                                                                  | <b>2024</b>         | <b>2023</b>      |
| Accumulated Benefit Obligation                                   | \$ 17.4             | \$ 19.1          |
| Funded Status                                                    |                     |                  |
| Projected Benefit Obligation                                     | \$ 17.4             | \$ 19.1          |
| <b>Funded Status of Underfunded Pension Plans at End of Year</b> | <b>\$ (17.4)</b>    | <b>\$ (19.1)</b> |

The following table sets forth the year end accumulated benefit obligation, projected benefit obligation and fair value of plan assets for pension plans with plan assets in excess of the projected benefit obligation:

|                                                                 | <b>December 31,</b> |                |
|-----------------------------------------------------------------|---------------------|----------------|
|                                                                 | <b>2024</b>         | <b>2023</b>    |
| Accumulated Benefit Obligation                                  | \$ 1,261.0          | \$ 1,371.8     |
| Funded Status                                                   |                     |                |
| Fair Value of Plan Assets                                       | \$ 1,336.4          | \$ 1,426.8     |
| Projected Benefit Obligation                                    | 1,269.9             | 1,382.7        |
| <b>Funded Status of Overfunded Pension Plans at End of Year</b> | <b>\$ 66.5</b>      | <b>\$ 44.1</b> |

Our pension plans were overfunded, in aggregate, by \$49.1 million at December 31, 2024 compared to being overfunded by \$25.0 million at December 31, 2023. The improvement in the funded status was primarily due to an increase in discount rates partially offset by actual return on assets being less than expected return on assets. We contributed \$2.4 million and \$3.1 million to our pension plans in 2024 and 2023, respectively.

Our other postretirement benefit plans were underfunded, in aggregate by \$193.1 million and \$232.3 million at December 31, 2024 and 2023, respectively. The change in funded status was primarily due to increased discount rates and actual return on plan assets exceeding expected return. We contributed \$23.6 million and \$23.4 million to our other postretirement benefit plans in 2024 and 2023, respectively.

In 2024 and 2023, our NiSource Pension Restoration and Columbia Energy Group pension plans paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of \$7.2 million and \$9.2 million in 2024 and 2023, respectively. In 2024 and 2023, no remeasurement occurred related to lump sum payouts.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

|                                                                     | Pension Benefits |        | Other Postretirement Benefits |        |
|---------------------------------------------------------------------|------------------|--------|-------------------------------|--------|
|                                                                     | 2024             | 2023   | 2024                          | 2023   |
| <b>Weighted-average assumptions to Determine Benefit Obligation</b> |                  |        |                               |        |
| Discount Rate                                                       | 5.58 %           | 4.95 % | 5.66 %                        | 4.98 % |
| Rate of Compensation Increases                                      | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Interest Crediting Rates                                            | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Health Care Trend Rates                                             |                  |        |                               |        |
| Trend for Next Year                                                 | N/A              | N/A    | 9.77 %                        | 8.84 % |
| Ultimate Trend                                                      | N/A              | N/A    | 4.75 %                        | 4.75 % |
| Year Ultimate Trend Reached                                         | N/A              | N/A    | 2033                          | 2032   |

We expect to make contributions of approximately \$2.3 million to our pension plans and approximately \$21.3 million to our postretirement medical and life plans in 2025.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

| (in millions) | Pension Benefits | Other Postretirement Benefits |
|---------------|------------------|-------------------------------|
| Year(s)       |                  |                               |
| 2025          | \$ 142.6         | \$ 36.6                       |
| 2026          | 136.6            | 36.1                          |
| 2027          | 130.9            | 36.1                          |
| 2028          | 125.8            | 35.8                          |
| 2029          | 119.4            | 35.6                          |
| 2030-2034     | 528.6            | 171.7                         |

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2024, 2023 and 2022:

| (in millions)                                                         | Pension Benefits |                |                | Other Postretirement Benefits |                |               |
|-----------------------------------------------------------------------|------------------|----------------|----------------|-------------------------------|----------------|---------------|
|                                                                       | 2024             | 2023           | 2022           | 2024                          | 2023           | 2022          |
| <b>Components of Net Periodic Benefit (Income) Cost<sup>(1)</sup></b> |                  |                |                |                               |                |               |
| Service cost                                                          | \$ 21.9          | \$ 20.5        | \$ 27.8        | \$ 5.0                        | \$ 5.1         | \$ 6.5        |
| Interest cost                                                         | 64.9             | 68.4           | 40.5           | 22.0                          | 21.8           | 12.0          |
| Expected return on assets                                             | (95.3)           | (94.5)         | (90.8)         | (16.1)                        | (15.1)         | (16.2)        |
| Amortization of prior service cost (credit)                           | 0.1              | 0.1            | 0.1            | (1.8)                         | (2.1)          | (2.2)         |
| Recognized actuarial loss                                             | 28.6             | 33.7           | 20.3           | 3.2                           | 3.3            | 2.6           |
| Settlement loss                                                       | 7.2              | 9.2            | 12.4           | —                             | —              | —             |
| <b>Total Net Periodic Benefits Cost</b>                               | <b>\$ 27.4</b>   | <b>\$ 37.4</b> | <b>\$ 10.3</b> | <b>\$ 12.3</b>                | <b>\$ 13.0</b> | <b>\$ 2.7</b> |

<sup>(1)</sup>Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income. Non-service cost components are presented within "Other, net."

NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

|                                                                            | Pension Benefits |        |        | Other Postretirement Benefits |        |        |
|----------------------------------------------------------------------------|------------------|--------|--------|-------------------------------|--------|--------|
|                                                                            | 2024             | 2023   | 2022   | 2024                          | 2023   | 2022   |
| <b>Weighted-average Assumptions to Determine Net Periodic Benefit Cost</b> |                  |        |        |                               |        |        |
| Discount rate - service cost                                               | 5.06 %           | 5.25 % | 3.08 % | 5.14 %                        | 5.30 % | 3.21 % |
| Discount rate - interest cost                                              | 4.88 %           | 5.06 % | 2.11 % | 4.89 %                        | 5.07 % | 2.24 % |
| Expected Long-Term Rate of Return on Plan Assets                           | 7.02 %           | 7.00 % | 4.80 % | 7.06 %                        | 6.96 % | 5.72 % |
| Rate of Compensation Increases                                             | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |
| Interest Crediting Rates                                                   | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |

We assumed a 7.02% and 7.06% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2024 pension benefits and other postretirement benefits costs. These rates were primarily based on asset mix and historical rates of return and were adjusted in 2024 due to changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

|                                                                                                                                                 | Pension Benefits |                  | Other Postretirement Benefits |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------------------|----------------|
|                                                                                                                                                 | 2024             | 2023             | 2024                          | 2023           |
| <i>(in millions)</i>                                                                                                                            |                  |                  |                               |                |
| <b>Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b> |                  |                  |                               |                |
| Net prior service cost                                                                                                                          | \$ —             | \$ —             | \$ —                          | \$ 3.3         |
| Net actuarial (gain) loss                                                                                                                       | (13.1)           | (20.9)           | (26.4)                        | 16.0           |
| Settlements/curtailments                                                                                                                        | (7.2)            | (9.2)            | —                             | —              |
| Less: amortization of prior service cost                                                                                                        | (0.1)            | (0.1)            | 1.8                           | 2.1            |
| Less: amortization of net actuarial loss                                                                                                        | (28.6)           | (33.7)           | (3.2)                         | (3.3)          |
| <b>Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>                                                          | <b>\$ (49.0)</b> | <b>\$ (63.9)</b> | <b>\$ (27.8)</b>              | <b>\$ 18.1</b> |
| <b>Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability</b>                          | <b>\$ (21.6)</b> | <b>\$ (26.5)</b> | <b>\$ (15.5)</b>              | <b>\$ 31.1</b> |

17. Share-Based Compensation

Prior to May 19, 2020, we issued share-based compensation to employees and non-employee directors under the NiSource Inc. 2010 Omnibus Plan ("2010 Omnibus Plan"), which was most recently approved by stockholders at the Annual Meeting of Stockholders held on May 12, 2015. The 2010 Omnibus Plan provided for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and superseded the Director Stock Incentive Plan ("Director Plan") with respect to grants made after the effective date of the 2010 Omnibus Plan.

The stockholders approved and adopted the NiSource Inc. 2020 Omnibus Incentive Plan ("2020 Omnibus Plan") at the Annual Meeting of Stockholders held on May 19, 2020. The 2020 Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the 2010 Omnibus Plan with respect to grants made after the effective date of the 2020 Omnibus Plan.

The 2020 Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 10,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under the



**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

2020 Omnibus Plan, the 2010 Omnibus Plan or any other equity plan under which awards were outstanding as of May 19, 2020. At December 31, 2024, there were 7,216,823 shares available for future awards under the 2020 Omnibus Plan.

We recognized stock-based employee compensation expense of \$32.1 million, \$23.9 million and \$19.0 million, during 2024, 2023 and 2022, respectively, as well as related tax benefits of \$7.0 million, \$7.7 million and \$3.6 million, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of \$2.0 million, \$2.9 million, and \$0.4 million in 2024, 2023 and 2022, respectively.

As of December 31, 2024, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$46.7 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

**Restricted Stock Units and Restricted Stock.** We granted 655,713, 500,968, and 477,292 restricted stock units and shares of restricted stock to employees, subject to service conditions in 2024, 2023, and 2022, respectively. The total grant date fair value of the restricted stock units and shares of restricted stock during 2024, 2023, and 2022, respectively, was \$17.1 million, \$13.7 million, and \$12.5 million. The grant date fair value for the 2024 and 2023 awards is based on the average market price of our common stock at the date of each grant. For the year ended 2022, the grant date fair value is based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period. The awards are expensed over the vesting period which is generally three years. As of December 31, 2024, 592,490, 393,509, and 270,325 non-vested restricted stock units and shares of restricted stock granted in 2024, 2023, and 2022, respectively, were outstanding. Our non-vested restricted stock units have a non-forfeitable right to dividend equivalents, with immaterial amounts paid in the periods ending December 31, 2024 and 2023. See Note 5, "Earnings Per Share," for further discussion.

In general, if an employee terminates employment before the service conditions lapse under the 2022, 2023 or 2024 awards due to (1) retirement or disability (as defined in the 2020 Omnibus Plan), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the 2020 Omnibus Plan), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason, in general, will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

A summary of our restricted stock unit award transactions for the year ended December 31, 2024 is as follows:

| <i>(shares)</i>                        | Restricted Stock<br>Units | Weighted Average<br>Award Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|---------------------------|------------------------------------------------------------|
| Non-vested at December 31, 2023        | 1,066,916                 | 25.71                                                      |
| Granted                                | 655,713                   | 26.10                                                      |
| Forfeited                              | (167,057)                 | 26.19                                                      |
| Vested                                 | (227,452)                 | 22.90                                                      |
| <b>Non-vested at December 31, 2024</b> | <b>1,328,120</b>          | <b>26.49</b>                                               |

**Employee Performance Shares.** We granted 896,363 performance shares subject to service, performance and/or market-based vesting conditions in 2024. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 55%, 25%, and 20% of the issued awards respectively.

The non-GAAP financial measure is cumulative adjusted earnings per share, which we define as diluted earnings per share adjusted for certain items. Relative total shareholder return, a market-based vesting condition, which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price over the performance period, approximately) compared to the total shareholder return of a predetermined peer group of companies. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the non-GAAP financial measure shares is based on the closing stock price of our common stock at the date of each grant, which will be expensed over the requisite service period of three years. The conditions

**NI SOURCE INC.**

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2023, we granted 649,088 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 25%, and 25% of the issued awards respectively. The operational metrics consist of goals of economic inclusion (5%), OPEX ("Operating Expenses") Index (10%), Employee Engagement Index Score (5%), and Environmental GHG Reduction (5%). The OPEX Index is further defined by goals related to risk mitigation and modernization of our infrastructure.

In 2022, we granted 566,086 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, and/or achievement of relative total shareholder return, outlined above. The number of shares that are eligible to vest based on these performance conditions are adjusted based on performance of the magnifier framework for 2022 awards. The operational magnifier framework for 2022 performance shares consists of three areas of focus, including safety, environment, and workforce, representing 20%, 10% and 10%, respectively.

The following table presents details of the performance awards described above.

| Award Year | Service Conditions<br>Lapse date | Performance Period        | Award Conditions                                     | Shares outstanding<br>at 12/31/2024<br>(shares) | Grant Date Fair<br>Value<br>(in millions) |
|------------|----------------------------------|---------------------------|------------------------------------------------------|-------------------------------------------------|-------------------------------------------|
| 2024       | 2/26/2027                        | 01/01/2024-<br>12/31/2026 | Non-GAAP<br>Financial and<br>Operational<br>Measures | 619,673                                         | \$ 17.4                                   |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 206,524                                         | \$ 6.9                                    |
| 2023       | 2/28/2026                        | 01/01/2023-<br>12/31/2025 | Non-GAAP<br>Financial and<br>Operational<br>Measures | 430,670                                         | \$ 13.3                                   |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 143,540                                         | \$ 5.4                                    |
| 2022       | 2/28/2025                        | 01/01/2022-<br>12/31/2024 | Non-GAAP<br>Financial Measure                        | 195,460                                         | \$ 7.4                                    |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 195,460                                         | \$ 10.6                                   |

A summary of our performance award transactions for the year ended December 31, 2024 is as follows:

| (shares)                               | Performance<br>Awards | Weighted Average<br>Grant Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|-----------------------|------------------------------------------------------------|
| Non-vested at December 31, 2023        | 1,558,509             | 28.01                                                      |
| Granted                                | 896,363               | 27.05                                                      |
| Forfeited                              | (189,080)             | 31.75                                                      |
| Vested                                 | (546,569)             | 21.95                                                      |
| <b>Non-vested at December 31, 2024</b> | <b>1,719,223</b>      | <b>24.96</b>                                               |

**Non-employee Director Awards.** As of May 19, 2020, awards to non-employee directors may be made only under the 2020 Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or

**NiSource Inc.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's deferral election. Certain restricted stock units remain outstanding from the 2010 Omnibus Plan and the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2024, 292,566 restricted stock units are outstanding to non-employee directors under either the 2020 Omnibus Plan, the 2010 Omnibus Plan or the Director Plan. Of this amount, 68,436 restricted stock units are unvested and expected to vest.

**401(k) Match, Profit Sharing and Company Contribution.** Eligible salaried employees hired after January 1, 2010 and hourly and union employees hired after January 1, 2013 receive a non-elective company contribution of 4.5% of eligible pay payable in cash or shares of NiSource common stock. We also have a voluntary 401(k) savings plan covering eligible union and nonunion employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash or shares. Further, we have a retirement savings plan that provides for discretionary profit sharing contributions to eligible employees. For the years ended December 31, 2024, 2023 and 2022, we recognized 401(k) match, profit sharing and non-elective contribution expense of \$56.9 million, \$50.7 million and \$39.1 million, respectively.

**18. Leases**

**Lease Descriptions.** We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, land, and fleet vehicles. Our corporate and field office leases and certain land leases have remaining terms between 1 and 39 years with options to renew the leases for up to 35 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements which have remaining lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles for 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. We elected the short-term lease practical expedient, allowing us to not recognize ROU assets or lease liabilities for all leases with a term of 12 months or less. ROU assets and liabilities on our Consolidated Balance Sheets do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases. ASC 842 permits a lessee, by class of underlying asset, not to separate nonlease components from lease components. Our policy is to apply this expedient for our leases of fleet vehicles, IT assets and railcars when calculating their respective lease liabilities.

Lease costs for the years ended December 31, 2024 and December 31, 2023 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

| Year Ended December 31, (in millions) | Income Statement Classification | 2024    | 2023    |
|---------------------------------------|---------------------------------|---------|---------|
| Finance lease cost                    |                                 |         |         |
| Amortization of right-of-use assets   | Depreciation and amortization   | \$ 27.1 | \$ 32.0 |
| Interest on lease liabilities         | Interest expense, net           | 13.5    | 8.6     |
| Total finance lease cost              |                                 | 40.6    | 40.6    |
| Operating lease cost                  | Operation and maintenance       | 14.7    | 11.3    |
| Total lease cost                      |                                 | \$ 55.3 | \$ 51.9 |

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

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

| At December 31, <i>(in millions)</i> | Balance Sheet Classification                          | 2024     | 2023     |
|--------------------------------------|-------------------------------------------------------|----------|----------|
| <b>Assets</b>                        |                                                       |          |          |
| Finance leases                       | Net Property, Plant and Equipment                     | \$ 222.9 | \$ 184.3 |
| Operating leases                     | Deferred charges and other                            | 26.4     | 32.9     |
| Total leased assets                  |                                                       | \$ 249.3 | 217.2    |
| <b>Liabilities</b>                   |                                                       |          |          |
| Current                              |                                                       |          |          |
| Finance leases                       | Current portion of long-term debt                     | \$ 22.9  | 23.8     |
| Operating leases                     | Other accruals                                        | 9.1      | 8.3      |
| Noncurrent                           |                                                       |          |          |
| Finance leases                       | Long-term debt, excluding amounts due within one year | 223.3    | 181.6    |
| Operating leases                     | Other noncurrent liabilities and deferred credits     | 18.2     | 25.8     |
| Total lease liabilities              |                                                       | \$ 273.5 | \$ 239.5 |

Other pertinent information related to leases was as follows:

| Year Ended December 31, <i>(in millions)</i>                                  | 2024    | 2023   |
|-------------------------------------------------------------------------------|---------|--------|
| <b>Cash paid for amounts included in the measurement of lease liabilities</b> |         |        |
| Operating cash flows used for finance leases                                  | \$ 11.2 | \$ 9.3 |
| Operating cash flows used for operating leases                                | 14.5    | 11.1   |
| Financing cash flows used for finance leases                                  | 26.9    | 33.1   |
| <b>Right-of-use assets obtained in exchange for lease obligations</b>         |         |        |
| Finance leases                                                                | 65.9    | 64.5   |
| Operating leases                                                              | \$ 12.2 | \$ 5.6 |

|                                                      | December 31, 2024 | December 31, 2023 |
|------------------------------------------------------|-------------------|-------------------|
| <b>Weighted-average remaining lease term (years)</b> |                   |                   |
| Finance leases                                       | 20.5              | 16.4              |
| Operating leases                                     | 5.6               | 6.7               |
| <b>Weighted-average discount rate</b>                |                   |                   |
| Finance leases                                       | 5.6 %             | 5.5 %             |
| Operating leases                                     | 4.5 %             | 4.3 %             |

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Maturities of our lease liabilities as of December 31, 2024 were as follows:

| As of December 31, 2024, <i>(in millions)</i> | Total    | Finance Leases | Operating Leases |
|-----------------------------------------------|----------|----------------|------------------|
| 2025                                          | \$ 44.6  | \$ 34.6        | \$ 10.0          |
| 2026                                          | 34.7     | 29.4           | 5.3              |
| 2027                                          | 28.5     | 24.2           | 4.3              |
| 2028                                          | 26.1     | 23.0           | 3.1              |
| 2029                                          | 21.5     | 19.0           | 2.5              |
| Thereafter                                    | 304.9    | 299.2          | 5.7              |
| Total lease payments                          | 460.3    | 429.4          | 30.9             |
| Less: Imputed interest                        | (186.8)  | (183.2)        | (3.6)            |
| Total                                         | \$ 273.5 | \$ 246.2       | \$ 27.3          |
| Reported as of December 31, 2024              |          |                |                  |
| Short-term lease liabilities                  | 32.0     | 22.9           | 9.1              |
| Long-term lease liabilities                   | 241.5    | 223.3          | 18.2             |
| Total lease liabilities                       | \$ 273.5 | \$ 246.2       | \$ 27.3          |

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**19. Other Commitments and Contingencies**

**A. Contractual Obligations.** We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2024 and their maturities were:

| <i>(in millions)</i>                 | Total              | 2025              | 2026              | 2027              | 2028              | 2029              | After              |
|--------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Long-term debt <sup>(1)</sup>        | \$ 13,205.0        | \$ 1,260.0        | \$ —              | \$ 1,090.0        | \$ 1,055.0        | \$ 1,350.0        | \$ 8,450.0         |
| Interest payments on long-term debt  | 8,090.3            | 566.2             | 551.1             | 531.7             | 481.6             | 453.9             | 5,505.8            |
| Finance leases <sup>(2)</sup>        | 429.4              | 34.6              | 29.4              | 24.2              | 23.0              | 19.0              | 299.2              |
| Operating leases <sup>(3)</sup>      | 30.9               | 10.0              | 5.3               | 4.3               | 3.1               | 2.5               | 5.7                |
| Energy commodity contracts           | 119.7              | 118.5             | 0.3               | 0.3               | 0.4               | 0.2               | —                  |
| Service obligations:                 |                    |                   |                   |                   |                   |                   |                    |
| Pipeline service obligations         | 2,694.6            | 685.5             | 631.2             | 609.2             | 373.2             | 245.2             | 150.3              |
| IT service obligations               | 120.7              | 73.9              | 30.3              | 11.4              | 5.1               | —                 | —                  |
| Plant equipment purchase obligations | 173.5              | 140.5             | 24.9              | 4.3               | 3.8               | —                 | —                  |
| Other liabilities <sup>(4)</sup>     | 336.0              | 287.0             | 7.9               | 7.7               | 7.6               | 7.7               | 18.1               |
| <b>Total contractual obligations</b> | <b>\$ 25,200.1</b> | <b>\$ 3,176.2</b> | <b>\$ 1,280.4</b> | <b>\$ 2,283.1</b> | <b>\$ 1,952.8</b> | <b>\$ 2,078.5</b> | <b>\$ 14,429.1</b> |

<sup>(1)</sup> Long-term debt balance excludes unamortized issuance costs and discounts of \$95.5 million.

<sup>(2)</sup> Finance lease payments shown above are inclusive of interest totaling \$183.2 million.

<sup>(3)</sup> Operating lease payments shown above are inclusive of interest totaling \$3.6 million. Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so as they are renewed month-to-month after the first year.

<sup>(4)</sup> Other liabilities shown above are primarily related to the Dunns Bridge II and Indiana Crossroads Solar Developer payments due in 2025 and ongoing maintenance service agreements for our renewable joint ventures.

**Purchase and Service Obligations.** We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our energy commodity contracts are for the purchase of physical quantities of natural gas, electricity and coal. Our service obligations, consisting of pipeline service obligations and IT service obligations, encompass a broad range of business support and maintenance functions which are generally described below. Our plant equipment purchase obligations are for plant equipment, typically for generation assets, with long lead times that require payments made over time

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent the minimum quantity of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2024.

NIPSCO has PPAs representing a total of 600 MW of wind power, with contracts expiring between 2038 and 2040. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon early termination of one of these agreements by NIPSCO for any reason (other than material breach by the counterparties), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2028 to 2038, require us to pay fixed monthly charges.

NIPSCO has contracts with three major rail operators providing coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2025.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2029.

**NISSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**B. 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 part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. At December 31, 2024 and 2023, we issued stand-by letters of credit of \$9.4 million and \$9.9 million, respectively, for the benefit of third parties.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At December 31, 2024 and 2023, our guarantees for multiple BTAs totaled \$1,127.5 million and \$646.1 million, respectively. The amount of each guaranty will decrease upon completion of certain milestones for the construction of the facilities, including mechanical and substantial completion. See "- E. Other Matters - Generation Transition," below for more information.

We provide guarantees related to some of our rail and pipeline service agreements. If we do not meet our contractual obligations under the terms of these agreements we would be required to pay up to a maximum of \$61.7 million.

**C. Legal Proceedings.** From time to time, various legal and regulatory claims and proceedings are pending or threatened against the Company and its subsidiaries. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company establishes reserves whenever it believes it to be appropriate for pending litigation matters. However, the actual results of resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more 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. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our results of operations, financial position or liquidity.

**Other Claims and Proceedings.** 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, and based upon an investigation of these matters and discussion with legal counsel, we believe the ultimate outcome of such other legal proceedings to be individually, or in aggregate, not material at this time.

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

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects the majority of environmental assessment and remediation costs and asset retirement costs, further described below, to be recoverable through rates. See Note 11, "Asset Retirement Obligations" and Note 12, "Regulatory Matters," for additional detail.

As of December 31, 2024 and 2023, we had recorded a liability of \$91.8 million and \$80 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities and deferred credits" in the Consolidated Balance Sheets. 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.

**CERCLA.** Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA 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. At this time, we cannot estimate the full cost of remediating properties that have not yet been investigated, but it is possible that the future costs could be material to the Consolidated Financial Statements.

**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**MGP.** We maintain a program to identify and investigate former MGP sites where gas distribution subsidiaries or predecessors may have liability. The program has identified 51 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. We recorded an \$11.2 million increase to the estimated future remediation costs as a result of the refresh completed in the second quarter of 2024. No material changes to the estimated future remediation costs were noted as a result of an internal quarterly review of environmental reserves completed as of December 31, 2024. Our total estimated liability related to the facilities subject to remediation was \$86.4 million and \$73.7 million at December 31, 2024 and 2023, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. Our model indicates that it is reasonably possible that remediation costs could vary by as much as \$16.3 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.** NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The CCR rule requirements currently in effect required 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.

On May 8, 2024, the EPA finalized changes to the current CCR regulations ("Legacy CCR Rule") which address inactive surface impoundments at inactive facilities, referred to as legacy impoundments, and CCR management units ("CCRMUs") at inactive and active facilities. The rule largely requires these newly regulated units to conform to existing requirements, such as groundwater monitoring, closure requirements, and post-closure care. During 2024, we recorded additional asset retirement obligations of \$149.7 million to cover probable and estimable compliance activities associated with the Legacy CCR Rule with an offsetting regulatory asset. Facility evaluations for CCRMUs are required by February 2026 and 2027. NIPSCO continues to assess whether existing legal obligations associated with the retirement of certain facilities must be revised and to estimate probable additional required asset retirement costs. NIPSCO expects to receive recovery of any such costs through existing and future depreciation rates.

**E. Other Matters**

**Generation Transition.** NIPSCO has executed several BTAs with developers to construct renewable generation facilities. NIPSCO has received IURC approval for all of its BTAs and PPAs. In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton Wind PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In addition to IURC approval, NIPSCO's purchase obligation under certain BTAs is dependent on timely completion of construction. Certain agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones. With respect to BTAs for which tax equity partnerships are utilized, once the tax equity partner has earned its negotiated rate of return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value the remaining interest in the JV from the tax equity partner. In January 2024, the IURC approved the full ownership of Cavalry and Dunns Bridge II which will allow those BTAs to be executed through direct ownership. In March 2024, Cavalry achieved mechanical completion, resulting in NIPSCO making a \$110.6 million payment to the developer. In May 2024, Cavalry achieved substantial completion and commenced commercial operations, resulting in NIPSCO making a \$114.9 million payment to the developer. In August 2024, the IURC approved full ownership of the Gibson and Fairbanks projects as well as an increase to the cost of the Fairbanks project. In January 2025, Fairbanks achieved mechanical completion resulting in NIPSCO making a \$336.6 million payment to the developer. In September 2024, Dunns Bridge II achieved mechanical completion, resulting in NIPSCO making a \$153.3 million payment to the developer. In January 2025, substantial completion was achieved requiring a final payment of \$217.6 million to be paid in February 2025. NIPSCO has filed a request to modify the ownership structure for the Templeton wind project to become a wholly owned project.

**NIPSCO Minority Interest Transaction.** On December 31, 2023, pursuant to the terms of the BIP Purchase Agreement and simultaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO



**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Holdings II and NiSource entered into an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of NIPSCO Holdings II. Specifically, under the terms of the LLC Agreement, Blackstone will provide up to \$250 million in additional capital contributions over a three-year period after the closing, which the obligation is backed by an Equity Commitment Letter from an affiliate of Blackstone. Under the LLC Agreement, Blackstone is entitled to appoint two directors to the board of directors of NIPSCO Holdings II (the "Board") so long as Blackstone (together with any approved affiliate) holds at least a 17.5% percentage interest (as defined in the LLC Agreement). In connection with the closing, Blackstone appointed two directors to the Board, such that the Board is now comprised of seven directors, two appointed by Blackstone and five appointed by NiSource. The LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone approval for Holdings II to take certain major actions. In addition, the LLC Agreement contains certain terms regarding transfer rights and other obligations applicable to both Blackstone and NiSource. The LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Holdings II following the closing. On January 31, 2024, BIP transferred a 4.5% equity interest in NIPSCO Holdings II to BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone. Effective upon the closing of this transfer, the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"). The two affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor.

Refer to Note 4, "Noncontrolling Interests," for detailed discussion of accounting for the NIPSCO Minority Interest Transaction.

**20. Accumulated Other Comprehensive Loss**

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

| <i>(in millions)</i>                                           | <b>Gains and<br/>Losses on<br/>Securities<sup>(1)</sup></b> | <b>Gains and Losses<br/>on Cash Flow<br/>Hedges<sup>(1)</sup></b> | <b>Pension and<br/>OPEB Items<sup>(1)</sup></b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss<sup>(1)</sup></b> |
|----------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------|
| <b>Balance as of January 1, 2022</b>                           | <b>\$ 2.1</b>                                               | <b>\$ (122.5)</b>                                                 | <b>\$ (6.4)</b>                                 | <b>\$ (126.8)</b>                                                     |
| Other comprehensive (loss) income before reclassifications     | (13.7)                                                      | 109.7                                                             | (8.9)                                           | 87.1                                                                  |
| Amounts reclassified from accumulated other comprehensive loss | 0.4                                                         | 0.2                                                               | 2.0                                             | 2.6                                                                   |
| Net current-period other comprehensive (loss) income           | (13.3)                                                      | 109.9                                                             | (6.9)                                           | 89.7                                                                  |
| <b>Balance as of December 31, 2022</b>                         | <b>\$ (11.2)</b>                                            | <b>\$ (12.6)</b>                                                  | <b>\$ (13.3)</b>                                | <b>\$ (37.1)</b>                                                      |
| Other comprehensive (loss) income before reclassifications     | 3.1                                                         | (0.5)                                                             | (1.4)                                           | 1.2                                                                   |
| Amounts reclassified from accumulated other comprehensive loss | 0.8                                                         | 0.3                                                               | 1.2                                             | 2.3                                                                   |
| Net current-period other comprehensive (loss) income           | 3.9                                                         | (0.2)                                                             | (0.2)                                           | 3.5                                                                   |
| <b>Balance as of December 31, 2023</b>                         | <b>\$ (7.3)</b>                                             | <b>\$ (12.8)</b>                                                  | <b>\$ (13.5)</b>                                | <b>\$ (33.6)</b>                                                      |
| Other comprehensive income (loss) before reclassifications     | 1.5                                                         | —                                                                 | (1.2)                                           | 0.3                                                                   |
| Amounts reclassified from accumulated other comprehensive loss | 1.8                                                         | (0.4)                                                             | 1.5                                             | 2.9                                                                   |
| Net current-period other comprehensive income (loss)           | 3.3                                                         | (0.4)                                                             | 0.3                                             | 3.2                                                                   |
| <b>Balance as of December 31, 2024</b>                         | <b>\$ (4.0)</b>                                             | <b>\$ (13.2)</b>                                                  | <b>\$ (13.2)</b>                                | <b>\$ (30.4)</b>                                                      |

<sup>(1)</sup>All amounts are net of tax. Amounts in parentheses indicate debits.

NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

21. Business Segment Information

Our reportable segments reflect the manner in which our business is managed and our resources are allocated. Following the consummation of the NIPSCO Minority Interest Transaction, we revised how we evaluate results and allocate resources across our business with an increased focus on operating performance at the state level. Refer to Note 4, "Noncontrolling Interests," for additional information on the NIPSCO Minority Interest Transaction. At December 31, 2024, our operations are divided into two primary reportable segments, the Columbia Operations and the NIPSCO Operations segments. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana. Our historical segment disclosures have been recast to be consistent with the current presentation.

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" in the subsequent reconciliation table and primarily are comprised of interest expense on holding company debt and unallocated corporate costs and activities. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues. The following table provides information about our reportable segments. We use operating income as our primary measurement for each of the reported segments and make decisions on financing, dividends and taxes at the corporate level on a consolidated basis. We provide this measure to our Chief Operating Decision Maker, the CEO, who utilizes this measure to make operating segment level strategy decisions based on budget-to-actual variances and against prior periods to allocate resources accordingly. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, 2024 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,703.2             | \$ 2,751.0           | \$ 5,454.2                         |
| Intersegment Revenue                      | 12.8                   | 1.0                  | 13.8                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,716.0</b>      | <b>\$ 2,752.0</b>    | <b>\$ 5,468.0</b>                  |
| Cost of energy                            | 514.7                  | 617.5                | 1,132.2                            |
| O&M                                       | 837.5                  | 761.4                | 1,598.9                            |
| Depreciation                              | 409.1                  | 590.3                | 999.4                              |
| Total other taxes                         | 218.6                  | 64.3                 | 282.9                              |
| Other segment items <sup>(1)</sup>        | 7.4                    | (1.3)                | 6.1                                |
| <b>Operating Income</b>                   | <b>\$ 728.7</b>        | <b>\$ 719.8</b>      | <b>\$ 1,448.5</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,209.0</b>      | <b>\$ 2,252.4</b>    | <b>\$ 3,461.4</b>                  |
| <b>Assets</b>                             | <b>\$ 14,769.5</b>     | <b>\$ 15,823.5</b>   | <b>\$ 30,593.0</b>                 |

<sup>(1)</sup>Other segment items consists of Loss (gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Year Ended December 31, 2023 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,733.9             | \$ 2,770.7           | \$ 5,504.6                         |
| Intersegment Revenue                      | 12.2                   | 0.9                  | 13.1                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,746.1</b>      | <b>\$ 2,771.6</b>    | <b>\$ 5,517.7</b>                  |
| Cost of energy                            | 645.0                  | 888.3                | 1,533.3                            |
| O&M                                       | 792.3                  | 787.7                | 1,580.0                            |
| Depreciation                              | 371.7                  | 493.8                | 865.5                              |
| Total other taxes                         | 198.8                  | 57.9                 | 256.7                              |
| Other segment items <sup>(1)</sup>        | —                      | 2.2                  | 2.2                                |
| <b>Operating Income</b>                   | <b>\$ 738.3</b>        | <b>\$ 541.7</b>      | <b>\$ 1,280.0</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,159.6</b>      | <b>\$ 1,294.8</b>    | <b>\$ 2,454.4</b>                  |
| <b>Assets</b>                             | <b>\$ 13,664.5</b>     | <b>\$ 13,962.6</b>   | <b>\$ 27,627.1</b>                 |

<sup>(1)</sup>Other segment items consists of Loss(gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

Year Ended December 31, 2022 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,951.9             | \$ 2,886.2           | \$ 5,838.1                         |
| Intersegment Revenue                      | 12.5                   | 0.9                  | 13.4                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,964.4</b>      | <b>\$ 2,887.1</b>    | <b>\$ 5,851.5</b>                  |
| Cost of energy                            | 978.4                  | 1,132.1              | 2,110.5                            |
| O&M                                       | 791.3                  | 740.4                | 1,531.7                            |
| Depreciation                              | 329.4                  | 449.4                | 778.8                              |
| Total other taxes                         | 184.2                  | 72.1                 | 256.3                              |
| Other segment items <sup>(1)</sup>        | (103.9)                | —                    | (103.9)                            |
| <b>Operating Income</b>                   | <b>\$ 785.0</b>        | <b>\$ 493.1</b>      | <b>\$ 1,278.1</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,237.9</b>      | <b>\$ 1,018.9</b>    | <b>\$ 2,256.8</b>                  |
| <b>Assets</b>                             | <b>\$ 13,059.4</b>     | <b>\$ 11,759.9</b>   | <b>\$ 24,819.3</b>                 |

<sup>(1)</sup>Other segment items consists of proceeds from a property insurance settlement related to the Greater Lawrence Incident and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

NiSource Inc.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

To reconcile the segment tables above to consolidated NiSource:

Year Ended December 31, 2024 (in millions)

|                         | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|-------------------------|---------------------------------|------------------------|--------------|--------------------------|
| Total Operating Revenue | \$ 5,468.0                      | \$ 581.9               | \$ (594.8)   | \$ 5,455.1               |
| Operating Income        | 1,448.5                         | 7.0                    | —            | 1,455.5                  |
| Capital Expenditures    | 3,461.4                         | 231.1                  | —            | 3,692.5                  |
| Assets                  | 30,593.0                        | 1,195.1                | —            | 31,788.1                 |

Year Ended December 31, 2023 (in millions)

|                         | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|-------------------------|---------------------------------|------------------------|--------------|--------------------------|
| Total Operating Revenue | \$ 5,517.7                      | \$ 504.6               | \$ (516.9)   | \$ 5,505.4               |
| Operating Income        | 1,280.0                         | 15.5                   | —            | 1,295.5                  |
| Capital Expenditures    | 2,454.4                         | 236.3                  | —            | 2,690.7                  |
| Assets                  | 27,627.1                        | 3,450.1                | —            | 31,077.2                 |

Year Ended December 31, 2022 (in millions)

|                         | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|-------------------------|---------------------------------|------------------------|--------------|--------------------------|
| Total Operating Revenue | \$ 5,851.5                      | \$ 477.5               | \$ (478.4)   | \$ 5,850.6               |
| Operating Income (Loss) | 1,278.1                         | (12.3)                 | —            | 1,265.8                  |
| Capital Expenditures    | 2,256.8                         | 41.2                   | —            | 2,298.0                  |
| Assets                  | 24,819.3                        | 1,917.3                | —            | 26,736.6                 |

22. Other, Net

The following table displays the components of Other, Net included on the Statements of Consolidated Income:

| Year Ended December 31, (in millions)                            | 2024           | 2023          | 2022           |
|------------------------------------------------------------------|----------------|---------------|----------------|
| Interest income                                                  | \$ 10.4        | \$ 9.0        | \$ 4.3         |
| AFUDC equity                                                     | 75.1           | 25.2          | 15.1           |
| Charitable contributions                                         | (5.4)          | (1.8)         | (4.4)          |
| Pension and other postretirement non-service cost <sup>(1)</sup> | (13.5)         | (24.0)        | 27.6           |
| Interest rate swap settlement gain                               | —              | —             | 10.0           |
| Miscellaneous                                                    | (2.1)          | (0.4)         | (0.4)          |
| <b>Total Other, net</b>                                          | <b>\$ 64.5</b> | <b>\$ 8.0</b> | <b>\$ 52.2</b> |

<sup>(1)</sup> See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**23. Interest Expense, Net**

The following table displays the components of Interest Expense, Net included on the Statements of Consolidated Income:

| Year Ended December 31, <i>(in millions)</i>                                   | 2024            | 2023            | 2022            |
|--------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Interest on long-term debt                                                     | \$ 506.2        | \$ 404.1        | \$ 344.5        |
| Interest on short-term borrowings                                              | 43.2            | 108.9           | 22.7            |
| Debt discount/cost amortization                                                | 13.8            | 13.5            | 11.7            |
| Accounts receivable securitization fees                                        | 1.5             | 2.7             | 2.5             |
| Allowance for borrowed funds used and interest capitalized during construction | (40.1)          | (25.3)          | (6.7)           |
| Debt-based post-in-service carrying charges                                    | (26.4)          | (30.7)          | (21.1)          |
| Other                                                                          | 19.0            | 16.4            | 8.0             |
| <b>Total Interest Expense, net</b>                                             | <b>\$ 517.2</b> | <b>\$ 489.6</b> | <b>\$ 361.6</b> |

**24. Supplemental Cash Flow Information**

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022:

| Year Ended December 31, <i>(in millions)</i>                         | 2024     | 2023     | 2022     |
|----------------------------------------------------------------------|----------|----------|----------|
| <b>Supplemental Disclosures of Cash Flow Information</b>             |          |          |          |
| Non-cash transactions:                                               |          |          |          |
| Capital expenditures included in current liabilities                 | \$ 367.0 | \$ 315.0 | \$ 275.1 |
| Assets acquired under a finance lease                                | 65.9     | 64.5     | 19.3     |
| Assets acquired under an operating lease                             | 12.2     | 5.6      | 8.8      |
| Assets recorded for asset retirement obligations <sup>(1)</sup>      | 277.4    | 61.1     | 6.3      |
| Purchase contract liability, net of fees and payments <sup>(2)</sup> | —        | —        | 65.0     |
| Schedule of interest and income taxes paid:                          |          |          |          |
| Cash paid for interest on debt, net of interest capitalized amounts  | \$ 468.2 | \$ 433.9 | \$ 343.8 |
| Cash paid for interest on finance leases                             | 11.2     | 8.6      | 8.5      |
| Cash paid for income taxes, net of refunds                           | 4.3      | 9.4      | 7.2      |

<sup>(1)</sup>See Note 11, "Asset Retirement Obligations," for additional information.

<sup>(2)</sup>Refer to Note 6, "Equity," for additional information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

Twelve months ended December 31, 2024

|                                                                                  |                         | Additions                           |                                               |                                                                  |                          |  |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|--|
|                                                                                  | Balance<br>Jan. 1, 2024 | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2024 |  |
| <i>(\$ in millions)</i>                                                          |                         |                                     |                                               |                                                                  |                          |  |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |  |
| Reserve for accounts receivable                                                  | \$ 22.9                 | \$ 23.2                             | \$ 32.3                                       | \$ 54.7                                                          | \$ 23.7                  |  |
| Reserve for deferred charges and other                                           | 1.3                     | —                                   | (0.2)                                         | —                                                                | 1.1                      |  |

Twelve months ended December 31, 2023

|                                                                                  |                         | Additions                           |                                               |                                                                  |                          |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|
| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2023 | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2023 |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.9                 | \$ 23.4                             | \$ 36.6                                       | \$ 61.0                                                          | \$ 22.9                  |
| Reserve for deferred charges and other                                           | 1.0                     | —                                   | 0.3                                           | —                                                                | 1.3                      |

Twelve months ended December 31, 2022

|                                                                                  |                         | Additions                           |                                               |                                                                  |                          |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|
| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2022 | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2022 |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.5                 | \$ 20.6                             | \$ 36.4                                       | \$ 56.6                                                          | \$ 23.9                  |
| Reserve for deferred charges and other                                           | 2.3                     | —                                   | (1.3)                                         | —                                                                | 1.0                      |

<sup>(1)</sup> Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset or the movement of the reserve between short term and long term.

NiSource Inc.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our CEO and CFO are responsible for evaluating the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that are filed or submitted under the Exchange Act are accumulated and communicated to management, including our CEO and CFO, 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 CEO and CFO concluded that, as of the end of the period covered by this report, disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Management's Annual Report on Internal Control over Financial Reporting

Our management, including our CEO and CFO, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2024, we conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

Changes in Internal Controls

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

## ITEM 9A. CONTROLS AND PROCEDURES

NiSource Inc.

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

#### **Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 12, 2025, expressed an unqualified opinion on those financial statements.

#### **Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 12, 2025



**ITEM 9B. OTHER INFORMATION**

**NiSOURCE INC.**

**Director and Officer Trading Arrangements**

The following table describes any contracts, instructions or written plans for the sale or purchase of NiSource securities and intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act that were adopted by our directors and executive officers during the year ended December 31, 2024:

| <b>Name and Title</b>                                                  | <b>Date of Adoption of Rule 10b-5-1 Trading Plan</b> | <b>Scheduled Expiration Date of Rule 10b5-1 Trading Plan<sup>(1)</sup></b> | <b>Aggregate Number of Securities to Be Purchased or Sold</b>        |
|------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|
| Shawn Anderson<br>Executive Vice President,<br>Chief Financial Officer | 11/1/2024                                            | 5/30/2025                                                                  | Sale of up to 12,900 shares of common stock in multiple transactions |
| Michael Jesanis<br>Director                                            | 11/11/2024                                           | 5/16/2025                                                                  | Sale of up to 10,092 shares of common stock in multiple transactions |

<sup>(1)</sup>A trading plan may also expire on such earlier date that all transactions under the trading plan are completed.

During the year ended December 31, 2024, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### **PART III**

#### **NISOURCE INC.**

##### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K and the information with respect to our insider trading policy set forth below, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance - Board Committee Composition," "Corporate Governance - Code of Business Conduct," and "Delinquent Section 16(a) Reports" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

##### **Insider Trading Policy**

The Company has adopted an Insider Trading Policy, our "Securities Transaction Compliance Policy", governing the purchase, sale, and/or other dispositions of the Company's securities by our directors and all employees, including officers as defined under Rule 16a-1(f) of the Securities Exchange Act of 1934 and certain designated employees as well as their immediate family and members of their households, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations and the exchange listing standards applicable to us. A copy of our policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

##### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference to the discussion in "Compensation and Human Capital Committee Interlocks and Insider Participation," "2024 Director Compensation," "2024 Executive Compensation," "Compensation Discussion and Analysis (CD&A)," "Assessment of Risk," "2024 Pay Versus Performance," and "Compensation and Human Capital Committee Report" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

##### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management," and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

##### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

##### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Registered Public Accounting Firm Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

## PART IV

### **NiSOURCE INC.**

#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

##### Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

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##### Exhibits

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

##### **EXHIBIT**

##### **NUMBER DESCRIPTION OF ITEM**

- (1.1) Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 of the NiSource Inc. Form 8-K filed on February 22, 2024).
- (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, 2024).
- (2.1) Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).
- (3.1) Articles of Incorporation of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to Exhibit 3.3 to the NiSource Inc. Form 8-K filed on October 22, 2024).
- (3.2) Bylaws of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to Exhibit 3.4 to the NiSource Inc. Form 8-K filed on October 22, 2024).
- (3.3) Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).
- (3.4) Certificate of Designations of Series B-1 Preferred Stock (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).
- (3.5) Certificate of Elimination of the Company with respect to the Series B Preferred Stock and Series B-1 Preferred Stock (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on March 18, 2024).
- (3.6) Certificate of Elimination of the Company with respect to the Series C Preferred Stock, dated October 21, 2024, issued by NiSource Inc. (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on October 22, 2024).
- (3.7) Certificate of Elimination of the Company with respect to the Series A Junior Participating Preferred Stock, dated October 21, 2024, issued by NiSource Inc. (incorporated by reference to Exhibit 3.2 of the NiSource Inc. Form 8-K filed on October 22, 2024).
- (4.1) Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).

- (4.2) First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
- (4.3) Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
- (4.4) Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
- (4.5) Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
- (4.6) Form of 3.490% Notes due 2027 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 17, 2017).
- (4.7) Form of 4.375% Notes due 2047 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 17, 2017).
- (4.8) Form of 3.950% Notes due 2048 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 8, 2017).
- (4.9) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3 filed November 30, 2017 (Registration No. 333-214360)).
- (4.10) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on December 1, 2017).
- (4.11) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 10-Q filed on May 2, 2018).
- (4.12) Fourth Supplemental Indenture, dated as of December 18, 2023, between NiSource, Inc. and The Bank of New York Mellon, as trustee, relating to the 7.99% Medium-Term Notes due 2027 and the 6.78% Senior Notes due 2027 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on December 18, 2023).
- (4.13) Subordinated Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Form 8-K filed on May 16, 2024).
- (4.14) First Supplemental Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.3 to the NiSource Form 8-K filed on May 16, 2024).
- (4.15) Second Supplemental Indenture, dated as of September 09, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Form 8-K filed on September 09, 2024).
- (4.16) Deposit Agreement, dated as of December 5, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depository, and the holders from time to time of the depository receipts described therein (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).
- (4.17) Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on December 6, 2018).
- (4.18) Amended and Restated Deposit Agreement, dated as of December 27, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depository, and the holders from time to time of the depository receipts described therein (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).
- (4.19) Form of Depositary Receipt (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 27, 2018).

- (4.20) Form of 2.950% Notes due 2029 (incorporated by reference to Exhibit 4.1 to NiSource Inc. Form 8-K filed on August 12, 2019).
- (4.21) Amended and Restated NiSource Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit C to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Commission on April 1, 2019).
- (4.22) Form of 3.600% Notes due 2030 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on April 8, 2020).
- (4.23) Form of 0.950% Notes due 2025 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on August 18, 2020).
- (4.24) Form of 1.700% Notes due 2031 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on August 18, 2020).
- (4.25) Form of 5.000% Notes due 2052 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on June 10, 2022).
- (4.26) Form of 5.250% Notes due 2028 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on March 24, 2023).
- (4.27) Form of 5.400% Notes due 2033 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on June 9, 2023).
- (4.28) Form of 5.350% Notes due 2034 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on March 14, 2024).
- (4.29) Form of 6.950% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2054 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 16, 2024).
- (4.30) Form of 5.200% Notes due 2029 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on June 24, 2024).
- (4.31) Form of 6.375% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2055 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 09, 2024).
- (4.32) Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act.\*\*
- (4.33) Form of 6.25% Notes due 2040 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 6, 2010).
- (4.34) Form of 5.95% Notes due 2041 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on June 10, 2011).
- (4.35) Form of 5.80% Notes due 2042 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on November 17, 2011).
- (4.36) Form of 5.25% Notes due 2043 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on June 14, 2012).
- (4.37) Form of 4.80% Notes due 2044 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on April 12, 2013).
- (4.38) Form of 5.65% Notes due 2045 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on October 7, 2013).
- (10.1) 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).\*
- (10.2) First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014).\*
- (10.3) 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).\*
- (10.4) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed October 23, 2015).\*

- (10.5) Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.3 to the NiSource Inc. Form 10-Q filed on November 3, 2015).\*
- (10.6) Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).\*
- (10.7) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).\*
- (10.8) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 22, 2017). \*
- (10.9) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 19, 2013).\*
- (10.10) Amended and Restated Executive Deferred Compensation Plan, dated August 12, 2024 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on October 30, 2024).\*
- (10.11) Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
- (10.12) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).
- (10.13) Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on August 2, 2017).\*
- (10.14) Registration Rights Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on May 2, 2018).
- (10.15) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
- (10.16) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of January 25, 2024 (incorporated by reference to Appendix B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting to be held on May 13, 2024, filed on April 1, 2024).
- (10.17) Form of Cash-Based Award Agreement (incorporated by reference to Exhibit 10.41 of the NiSource Form 10-K filed on February 28, 2020). \*
- (10.18) 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit A to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 19, 2020, filed on April 13, 2020).\*
- (10.19) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 10-Q filed on August 5, 2020).\*
- (10.2) NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*
- (10.21) Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.5 to the NiSource Inc. Form 10-Q filed on November 2, 2020).
- (10.22) Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.6 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*
- (10.23) First Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates dated October 12, 2023 and effective November 1, 2020 (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 21, 2024).\*
- (10.24) NiSource Inc. Executive Severance Policy, as amended and restated effective October 19, 2020 (incorporated by reference to Exhibit 10.7 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*

- (10.25) NiSource Next Voluntary Separation Program, effective as of August 5, 2020 (incorporated by reference to Exhibit 10.8 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*
- (10.26) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to Exhibit 10.53 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*
- (10.27) Form of Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.54 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*
- (10.28) Form of Special Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.55 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*
- (10.29) Sixth Amended and Restated Revolving Credit Agreement, dated as of February 18, 2022, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, JPMorgan Chase Bank, N.A. and MUFG Bank, Ltd., as Co-Syndication Agents, Credit Suisse AG, New York Branch, Wells Fargo Bank, National Association, and Bank of America, National Association, as Co-Documentation Agents, Barclays Bank PLC and MUFG Bank, Ltd., as Co-Sustainability Structuring Agents, and Barclays Bank PLC, JPMorgan Chase Bank, N.A. MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, Wells Fargo Securities, LLC, and BofA Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on February 18, 2022).
- (10.3) Amendment No. 1 to the Sixth Amended and Restated Revolving Credit Agreement dated February 18, 2022, made as of August 23, 2023 by and among NiSource Inc., the financial institutions listed on the signature pages and Barclays Bank PLC, as administrative agent (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on August 23, 2023).
- (10.31) First Amendment to the NiSource Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on May 4, 2022).
- (10.32) Credit Agreement, dated as of December 20, 2022, among NiSource Inc., as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, PNC Capital Markets LLC, as Syndication Agent, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents and JPMorgan Chase Bank, N.A., PNC Capital Markets LLC, Bank of America, N.A. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on December 20, 2022).
- (10.33) Amendment No. 1 to the Credit Agreement dated December 20, 2022, made as of October 5, 2023 by and among NiSource Inc., the financial institutions listed on the signature pages and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on October 5, 2023).
- (10.34) Credit Agreement, dated as of November 9, 2023, among NiSource Inc., as Borrower, the lenders party there to, and U.S. Bank National Association, as Administrative Agent, as Sole Lead Arranger and Bookrunner (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on November 9, 2023).
- (10.35) Augmenting Lender Supplement, dated December 6, 2023, by and among NiSource Inc., Mizuho Bank, LTD, Bank of Montreal. and U.S. Bank National Association (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on December 6, 2023).
- (10.36) Form of Restricted Stock Unit Award Agreement.(incorporated by reference to Exhibit 10.57 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.37) Form of Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.58 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.38) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to Exhibit 10.59 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.39) Form of Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.60 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.40) Purchase and Sale Agreement, dated as of June 17, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on June 20, 2023).
- (10.41) Amendment No. 1 to the Purchase and Sale Agreement, dated as of July 6, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 10-Q filed on August 2, 2023).\*\*\*\*

- (10.42) Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated December 31, 2023 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on January 2, 2024).\*\*\*
- (10.43) Second Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated January 30, 2024 (incorporated by reference to Exhibit 10.44 to the NiSource Inc. Form 10-K filed on February 21, 2024).\*
- (10.44) Form of 2024 CEO RSU Award Agreement (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.45) Form of 2024 CEO PSU Award Agreement (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.46) Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.47) Form of PSU Award Agreement (for awards on or after 2024) (incorporated by reference to Exhibit 10.48 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*\*\*\*
- (10.48) Separation Agreement dated March 15, 2024, between NiSource Inc. and Donald Brown (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on March 15, 2024).
- (19.1) Securities Transaction Compliance Policy\*\*
- (21) List of Subsidiaries.\*\*
- (23) Consent of Deloitte & Touche LLP.\*\*
- (31.1) Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- (31.2) Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- (32.1) Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).\*\*
- (32.2) Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).\*\*
- (97.1) NiSource Inc. Compensation Recoupment Policy.\*\*
- (101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. \*\*
- (101.SCH) Inline XBRL Schema Document.\*\*
- (101.CAL) Inline XBRL Calculation Linkbase Document.\*\*
- (101.LAB) Inline XBRL Labels Linkbase Document.\*\*
- (101.PRE) Inline XBRL Presentation Linkbase Document.\*\*
- (101.DEF) Inline XBRL Definition Linkbase Document.\*\*
- (104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

\* Management contract or compensatory plan or arrangement of NiSource Inc.

\*\* Exhibit filed herewith.

\*\*\* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

\*\*\*\* Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission (the "SEC") upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.



ITEM 16. FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 12, 2025

By: /s/ LLOYD M. YATES

Lloyd M. Yates

President, Chief Executive Officer and Director

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|                                                                 |                                                                                          |                                |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------|
| <u>/s/ LLOYD M. YATES</u><br>Lloyd M. Yates                     | President, Chief Executive Officer,<br>and Director<br>(Principal Executive Officer)     | <u>Date: February 12, 2025</u> |
| <u>/s/ SHAWN ANDERSON</u><br>Shawn Anderson                     | Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer) | <u>Date: February 12, 2025</u> |
| <u>/s/ GUNNAR J. GODE</u><br>Gunnar J. Gode                     | Vice President and<br>Chief Accounting Officer<br>(Principal Accounting Officer)         | <u>Date: February 12, 2025</u> |
| <u>/s/ KEVIN T. KABAT</u><br>Kevin T. Kabat                     | Chairman of the Board                                                                    | <u>Date: February 12, 2025</u> |
| <u>/s/ PETER A. ALTABEF</u><br>Peter A. Altabef                 | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ SONDRA L. BARBOUR</u><br>Sondra L. Barbour               | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ THEODORE H. BUNTING, JR.</u><br>Theodore H. Bunting, Jr. | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ ERIC L. BUTLER</u><br>Eric L. Butler                     | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ DEBORAH A. HENRETTA</u><br>Deborah A. Henretta           | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ DEBORAH A.P. HERSMAN</u><br>Deborah A. P. Hersman        | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ WILLIAM D. JOHNSON</u><br>William D. Johnson             | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ MICHAEL E. JESANIS</u><br>Michael E. Jesanis             | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ CASSANDRA S. LEE</u><br>Cassandra S. Lee                 | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ JOHN MCAVOY</u><br>John McAvoy                           | Director                                                                                 | <u>Date: February 12, 2025</u> |

BR65473P-0225-AR

## STOCKHOLDER INFORMATION

### Forward-Looking Statements

This document 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 document include, among other things: our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities, such as data center development and related generation sources and transmission capabilities to meet potential load growth; our ability to manage data center growth in our service territories; potential incidents and other operating risks associated with our business; our ability to work successfully with our third-party investors; our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in laws and regulations; our increased dependency on 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 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 demand; our ability to attract, retain or re-skill a qualified, diverse workforce and maintain good labor relations; our ability to manage new initiatives and organizational changes; the performance and quality of third-party suppliers and service providers; our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal, including any future associated impact from business opportunities such as data center development as those opportunities evolve; potential cybersecurity attacks or security breaches; increased requirements and costs related to cybersecurity; the actions of activist stockholders; any damage to our reputation; the impacts of natural disasters, potential terrorist attacks or other catastrophic events; the physical impacts of climate change and the transition to a lower carbon future; our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; 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; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; compliance with changes in, or new interpretations of applicable laws, regulations and tariffs; the cost of compliance with environmental laws and regulations and the costs of associated liabilities; changes in tax laws or the interpretation thereof and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and any subsequent filings made with the Securities and Exchange Commission, some of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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

### Regulation G Disclosure Statement

This document includes financial results and guidance for NiSource with respect to adjusted earnings per share, funds from operations/debt, and earnings CAGR, which are non-GAAP financial measures as defined by the Securities and Exchange Commission's (SEC) Regulation G. The company includes these measures because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. Reconciliations of historical non-GAAP financial measures to the most comparable GAAP financial measures can be found on page 8. With respect to guidance, it should be noted that there will likely be a difference between these measures and their GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other unusual or infrequent items included in GAAP results. The company is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis. In addition, the company is not able to provide a reconciliation of its non-GAAP net operating earnings guidance or its funds from operations/debt guidance to their GAAP equivalents without unreasonable efforts.

### Investor Relations

investors@nsource.com

### Media Relations

media@nsource.com

### Anticipated Dividend Record and Payment Dates\* (NiSource Common Stock)

| Record Date | Payment Date |
|-------------|--------------|
| 02/03/25    | 02/20/25     |
| 04/30/25    | 05/20/25     |
| 07/31/25    | 08/20/25     |
| 10/31/25    | 11/20/25     |
| 02/03/26    | 02/20/26     |

### Common Stock Dividend Declared\*

On February 20, 2025, the company paid a quarterly dividend of \$0.28 per share to stockholders of record as of the close of business on February 3, 2025, equivalent to \$1.12 per share on an annual basis.

### Stockholder Services

Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following:

### Computershare

c/o Shareholder Services  
P.O. Box 43078  
Providence, RI 02940-3078  
(888) 884-7790

- TDD for Hearing Impaired: (800) 231-5469
- Foreign Stockholders: (201) 680-6578
- TDD Foreign Stockholders: (201) 680-6610
- Computershare.com/investor

\*DIVIDENDS ARE SUBJECT TO BOARD APPROVAL.

### Investor and Financial Information

Financial analysts and investment professionals should direct written and email inquiries to NiSource Investor Relations, 801 East 86th Avenue, Merrillville, Indiana 46410 or investors@nsource.com. Copies of NiSource's financial reports are available at NiSource.com.

### Stock Listing

NiSource Inc. common stock is listed on the New York Stock Exchange under the ticker symbol "NI."

### Independent Registered Public Accounting Firm

Deloitte & Touche LLP

### Sustainability

Additional details on sustainability and environmental, social and governance (ESG) issues and related policies can be found under the Sustainability tab at NiSource.com.

### Board of Directors

Communications with the Board of Directors may be made generally, to any director individually, to the non-management directors as a group or the lead director of the non-management group by writing to the following address:

### NiSource Inc.

**Attention: Board of Directors, Board Member,  
non-management directors or Chairman  
c/o Corporate Secretary  
801 East 86th Avenue  
Merrillville, Indiana 46410**

### Corporate Governance

At NiSource.com, shareholders can view the company's corporate governance guidelines, code of business conduct, political spending policy and charters of all board-level committees. Copies of these documents are available to shareholders without charge upon written request to Corporate Secretary at the above address.

## COMPANY INFORMATION

### CORPORATE HEADQUARTERS

NiSource Inc.  
801 E. 86th Avenue  
Merrillville, Indiana 46410  
(219) 647-5990  
NiSource.com

### COLUMBIA GAS OF OHIO

290 W. Nationwide Boulevard  
Columbus, Ohio 43215  
Emergency: (800) 344-4077  
Customer Care: (800) 344-4077  
ColumbiaGasOhio.com

### NISOURCE CORPORATE SERVICES

801 E. 86th Avenue  
Merrillville, Indiana 46410  
(614) 460-6000

### COLUMBIA GAS OF PENNSYLVANIA

121 Champion Way  
Canonsburg, Pennsylvania 15317  
Emergency: (888) 460-4332  
Customer Care: (888) 460-4332  
ColumbiaGasPA.com

### COLUMBIA GAS OF KENTUCKY

2001 Mercer Road  
Lexington, Kentucky 40511  
Emergency: (800) 432-9515  
Customer Care: (800) 432-9345  
ColumbiaGasKY.com

### COLUMBIA GAS OF VIRGINIA

1809 Coyote Drive  
Chester, Virginia 23836  
Emergency: (800) 544-5606  
Customer Care: (800) 543-8911  
ColumbiaGasVA.com

### COLUMBIA GAS OF MARYLAND

121 Champion Way  
Canonsburg, Pennsylvania 15317  
Emergency: (888) 460-4332  
Customer Care: (888) 460-4332  
ColumbiaGasMD.com

### NIPSCO

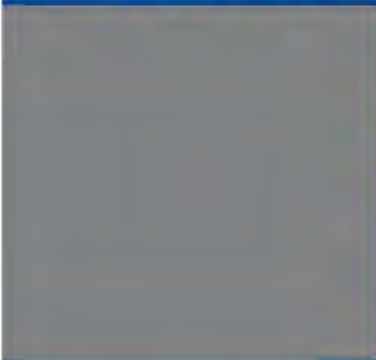
801 E. 86th Avenue  
Merrillville, Indiana 46410  
Customer Care: (800) 464-7726  
Gas Emergency: (800) 634-3524  
Electric Emergency: (800) 464-7726  
NIPSCO.com

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# 2025 ANNUAL REPORT



Driving Value through  
Transformation







# What's Inside

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| Stockholder Information                                | INSIDE<br>BACK COVER |
| Company Information                                    | BACK COVER           |





**LLOYD YATES**  
*President and  
Chief Executive Officer*

## A MESSAGE FROM OUR PRESIDENT AND CHIEF EXECUTIVE OFFICER

### TO OUR SHAREHOLDERS

In 2025, we delivered strong financial performance and advanced strategic priorities that position NiSource for long-term growth. We executed our premier business plan with discipline and excellence. This included advancing our data center strategy and driving continuous improvement across our operating companies. This dual commitment to innovation and investing in our core business has strengthened our long-term outlook. Our focus on operational excellence enabled us to surpass our adjusted earnings per share target despite market headwinds and a dynamic regulatory environment.

Important achievements from 2025 demonstrate how our team's unwavering commitment can produce positive, measurable results.

#### **Transformative Growth**

- Received regulatory approval of NIPSCO Generation LLC (GenCo). GenCo is designed to own, build and manage generation assets to serve a growing data center industry in northern Indiana.
- Leveraged GenCo's unique business model which shields NIPSCO's existing retail customers from costs associated with serving new data center customers and will pass back \$1 billion of savings over the next 15 years. GenCo positions us to meet the demands of large-load customers quickly and flexibly.
- Extended partnership with Blackstone Infrastructure Partners to fund a minority interest in GenCo.



## Financial Strength

- Reported full-year adjusted earnings per share (EPS) of \$1.90, which exceeded 2025 guidance range.
- Delivered one-year total shareholder return (TSR) of 16.9%, which was 66th percentile of our relative TSR group, and three-year TSR of 66.8%, which was 97th percentile of our relative TSR group.
- Achieved 16.1% FFO/Debt ratio and 8.6% adjusted EPS growth over 2024. Positive regulatory outcomes at NIPSCO Electric and Columbia Operations contributed to the earnings growth and elevated confidence in our long-term strategy.
- Updated guidance to reflect 6% to 8% annual adjusted EPS growth rate in the base business through 2030, and introduced 8% to 9% adjusted EPS compound annual growth rate (CAGR) in our consolidated business through 2033.



## Operational Excellence

- Advanced our technology transformation, including the full release of our modern Work and Asset Management (WAM) platform. WAM replaces legacy systems with integrated tools that enhance safety, efficiency and reliability, positioning NiSource for operational excellence and continued innovation.
- Deployed our AI-enabled Work Management Intelligence (WMI) solution across all NIPSCO and Columbia operating companies, delivering a 24% boost in field productivity. WMI uses machine learning to continuously optimize scheduling and dynamically balance crew availability and access to equipment and materials, ensuring we operate with optimal efficiency.
- Piloted AI to predict customer storm outages and better stage resources. Activated Advanced Metering Infrastructure (AMI) for NIPSCO electric customers, including remote connect and disconnect features that enhance safety and expedite reconnects.

## Safety and People

- Improved employee safety performance, surpassing 2024 results through proactive measures and a strong safety-first culture. Recordable injuries decreased 18%, while slip, trip and fall incidents were reduced by 42% compared to the prior year. NiSource exceeded the 2025 Days Away, Restricted or Transferred (DART) target—a critical Occupational Safety and Health Administration (OSHA) metric for serious work-related injuries and illnesses—reflecting a 13% year-over-year reduction in DART cases.
- Implemented a new driver coaching program that leverages telematics data to proactively identify and address risky driving behaviors. This initiative enhances driver performance and strengthens our commitment to the safety of our employees and the communities we serve.
- Achieved 79% Employee Engagement Index score, with employees providing favorable feedback on their work experience, alignment with company goals and personal contributions to company success.



## Sustainability

- Made continued progress towards our 2040 goal of Net Zero scope 1 and 2 greenhouse gas (GHG) emissions by adding renewable energy generation, including solar and wind projects in Indiana.
- Continued our Advanced Leak Detection and Repair program, using specially-equipped vehicles to inspect more than 41,000 gas main miles. This improves safety and reduces methane emissions.
- Launched Project ReSource, an enterprise-wide waste management initiative that encourages employees to reduce, reuse and recycle and makes our operations more sustainable.

## Customer Experience

- Launched an upgraded Interactive Voice Response (IVR) phone system to enhance customer experience. Our Natural Interactive Network Assistant (NINA) is easy to use, featuring voice-to-text capabilities that guide customers through self-service options or connect them to a customer service representative.
- Enhanced the digital customer experience by optimizing website functionality so customers can easily find the information they need and enroll in home protection, energy assistance and bill certainty programs in select states. Utility payments may be made on the web or in our mobile apps through new payment sources that include Google Pay and Apple Pay.
- NIPSCO and several Columbia operating companies were named *Easiest to do Business With* by Escalent in the 2025 Cogent Syndicated Utility Trusted Brand & Customer Engagement: Residential study. Several operating companies also earned the designation *Utility Customer Champions* for building and sustaining highly engaged residential customer relationships.

This was a dynamic and transformative year at NiSource. We are well positioned financially to leverage new opportunities and continue to be a premier provider of safe, reliable and competitive energy today and tomorrow.

Sincerely,

THIS LETTER INCLUDES NON-GAAP MEASURES. RECONCILIATIONS TO THE MOST DIRECTLY COMPARABLE GAAP MEASURES ARE FOUND IMMEDIATELY FOLLOWING THIS LETTER IN SCHEDULE 1.



**KEVIN KABAT**  
*Chair*

## A MESSAGE FROM OUR CHAIR

# TRANSFORMING FOR FUTURE SUCCESS

NiSource continued its strong performance in 2025 and advanced several strategic priorities that differentiate the company as a premier utility. We received regulatory approval for NIPSCO Generation LLC (GenCo), a new entity that will build and manage the generation capacity to support data centers. This was a pivotal step in our growth strategy to enhance shareholder value and position NiSource for future success. We also elevated customer experience for approximately four million customers. These transformational initiatives demonstrate our commitment to operational excellence and continued innovation.

### **Investing in Core Systems**

NiSource continued to invest in our core regulated business with a robust increase in capital expenditures that upgraded segments of 55,000 miles of pipeline. This ensures stability and reliability in service delivery. We achieved positive rate case settlements in several states, providing resources for future growth and system modernization to meet the energy demands of our customers.

### **Committed to Operational Excellence**

In 2025, NiSource continued our operational excellence journey, completing the final phases of Work and Asset Management implementation (WAM). A key component of our continuous improvement journey, WAM standardizes and integrates tools, technology and processes, creating efficiencies that deliver increased service and value to customers.

NiSource is committed to acting with care in all that we do. Our employees are the key to a safer, more efficient workplace. To embed this ethos in our culture, we advanced the Human and Organizational Performance (HOP) training program. In 2025, over 2,000 employees were immersed in the HOP principles for leadership, learning how to apply them in their daily work to achieve better and shared accountability across NiSource.

### **Enhancing Customer Experience**

In today's competitive environment, it's essential to show tangible progress in how we enhance customer experience and strengthen trust. In 2025, we introduced new digital enhancements designed to make interactions simpler and more intuitive, along with more flexible digital payment options for greater convenience.

We also launched digital campaigns to help customers better understand their bills, adopt energy-efficient habits and prioritize natural gas and electrical safety. These efforts reached a wide audience, enhancing awareness of NiSource's commitment to the communities we serve.

### **Driving Growth and Affordability**

The energy sector is rapidly evolving, and NiSource has a unique opportunity to meet the growing demand for electricity driven by a digital economy. We are moving our data center strategy forward, which represents a nearly \$7 billion capital investment.

NIPSCO signed a transformational contract with Amazon Data Services, Inc. to provide electrical services to data center campuses in northwestern Indiana. This new collaboration between a utility and technology company will create local jobs, enhance the community's tax base and return approximately \$1 billion in cost savings to current NIPSCO electric customers through bill credits over the life of the contract. This foundational agreement paves the way for future growth and enhances shareholder value.



### **Advancing Sustainable Energy**

Essential to our work at NiSource is a commitment to ensuring cleaner, sustainable energy for the future. This pledge underscores our vision to be a premier, innovative and trusted energy partner in an evolving business and environmental climate. Our commitment to retire our coal assets remains unchanged as we comply with federal orders and assess their impact on our Integrated Resource Plan (IRP).

This year, we also engaged employees in sustainability initiatives and launched Project ReSource, a company-wide initiative to promote waste reduction across NiSource.





## Driving Financial Value

In 2025, NiSource remained agile and focused on delivering meaningful shareholder value amid market pressures, including tariffs and evolving tax policy. Our data center strategy, supported by the first-in-the-nation GenCo business model that returns savings directly to customers, will help ease affordability pressures. We executed a disciplined capital plan, advanced our multiyear transformation strategy and delivered full-year earnings that exceeded our 2025 guidance range.

In addition, we extended our financial outlook beyond 2030, providing clarity through 2033 with key financial drivers shaped by our data center strategy. Beyond our base plan, we see additional opportunities to invest in distribution, transmission and other infrastructure that supports growth across the communities we serve, particularly as manufacturing and onshoring activity accelerates.

We are fortunate to have Lloyd Yates, CEO, at the helm to guide NiSource during this pivotal time. He and an exceptional leadership team are differentiating NiSource as an innovative and premier utility with a sharp eye on the future. Our balance sheet is strong, and we will remain flexible to leverage opportunities that drive balanced growth.

Our Board is engaged in NiSource's success and supportive of leadership as they execute on a solid strategic plan designed to deliver safe, reliable and competitive energy and exceptional shareholder return.

On behalf of the Board of Directors, thank you for your continued trust and support in NiSource and our entire team of approximately 7,700 employees. We look forward to delivering another year of strategic gains in 2026.

A handwritten signature in black ink, appearing to read "L. Yates".

## BOARD OF DIRECTORS

### **Kevin T. Kabat**

Chair of the Board, NiSource Inc., and Retired Vice Chair and CEO, Fifth Third Bancorp

### **Peter A. Altabef**

Chair, Unisys Corporation

### **Sondra L. Barbour**

Retired Executive Vice President, Information Systems & Global Solutions, Lockheed Martin Corporation

### **Theodore H. Bunting, Jr.**

Retired Group President, Utility Operations, Entergy Corporation

### **Eric L. Butler**

President and CEO, Aswani-Butler Investment Associates, and Retired Executive Vice President, Union Pacific Corporation

### **Deborah A. Henretta**

Partner, Council Advisors and Retired Group President, Procter & Gamble Co.

### **Deborah A. P. Hersman**

Retired Chair, National Transportation Safety Board

### **Michael E. Jesanis**

Co-founder and Former Managing Director, HotZero, LLC, and Retired President and CEO, National Grid USA

### **William D. Johnson**

Retired President and CEO, Pacific Gas and Electric

### **Cassandra S. Lee**

Senior Vice President and Chief Financial Officer, AT&T Inc. Mobility and Consumer Wireline Segments

### **John McAvoy**

Retired Chair, President and CEO, Consolidated Edison Inc., and Retired Chair and CEO, Consolidated Edison of New York, Inc.

### **Lloyd M. Yates**

President and CEO, NiSource Inc.

#### BOARD OF DIRECTORS DEMOGRAPHICS

**12 Total**

**67% Men, 33% Women**

**33% Race/Ethnicity**

## SENIOR MANAGEMENT TEAM



### **Lloyd M. Yates**

President and Chief Executive Officer



### **Shawn Anderson**

Executive Vice President and Chief Financial Officer



### **Melanie Berman**

Executive Vice President, Administration and Chief Human Resources Officer



### **Melody Birmingham**

Executive Vice President and Group President, Utilities



### **Kimberly S. Cuccia**

Executive Vice President, General Counsel and Corporate Secretary



### **William (Bill) Jefferson**

Executive Vice President, Chief Operating and Safety Officer



### **Michael Luhrs**

Executive Vice President, Technology, Customer and Chief Commercial Officer

#### SENIOR MANAGEMENT TEAM DEMOGRAPHICS

**7 Total**

**57% Men, 43% Women**

**43% Race/Ethnicity**

Schedule 1 - Reconciliation of Consolidated Net Income Available to Common Shareholders to Adjusted Net Income Available to Common Shareholders (Non-GAAP) and Adjusted Earnings Per Share (Non-GAAP) (*unaudited*)

|                                                                              | Twelve Months Ended December 31, |                 |
|------------------------------------------------------------------------------|----------------------------------|-----------------|
| (in millions, except per share amounts)                                      | 2025                             | 2024            |
| <b>GAAP Net Income Available to Common Shareholders</b>                      | <b>\$929.5</b>                   | <b>\$ 739.7</b> |
| <b>Adjustments to Operating Income:</b>                                      |                                  |                 |
| <b>Operating Revenues:</b>                                                   |                                  |                 |
| Weather - compared to normal <sup>(1)</sup>                                  | (32.6)                           | 60.4            |
| <b>Total adjustments to operating income</b>                                 | <b>(32.6)</b>                    | <b>60.4</b>     |
| <b>Income Taxes:</b>                                                         |                                  |                 |
| Tax effect of above items <sup>(2)</sup>                                     | 8.3                              | (15.5)          |
| <b>Preferred Dividends:</b>                                                  |                                  |                 |
| Preferred dividends redemption premium <sup>(3)</sup>                        | —                                | 14.0            |
| <b>Total adjustments to net income</b>                                       | <b>(24.3)</b>                    | <b>58.9</b>     |
| <b>Adjusted Net Income Available to Common Shareholders</b>                  | <b>\$905.2</b>                   | <b>\$ 798.6</b> |
| <b>Diluted Average Common Shares</b>                                         | <b>474.5</b>                     | <b>456.0</b>    |
| <b>GAAP Diluted Earnings Per Share<sup>(4)</sup></b>                         | <b>\$ 1.95</b>                   | <b>\$ 1.62</b>  |
| <b>% Growth in Diluted Earnings Per Share from Prior Year<sup>(5)</sup></b>  | <b>20.4%</b>                     |                 |
| <b>Adjustments to diluted earnings per share</b>                             | <b>(0.05)</b>                    | <b>0.13</b>     |
| <b>Adjusted Earnings Per Share</b>                                           | <b>\$ 1.90</b>                   | <b>\$ 1.75</b>  |
| <b>% Growth in Adjusted Earnings Per Share from Prior Year<sup>(6)</sup></b> | <b>8.6 %</b>                     |                 |

<sup>(1)</sup>Represents the estimated impact of actual weather during the period compared to expected normal weather. Beginning in 2024, the adjustment for NIPSCO Operations excludes the impact of non-controlling interest.

<sup>(2)</sup>Represents income tax expense associated with adjustments to GAAP amounts calculated using the applicable statutory tax rates for legal entities.

<sup>(3)</sup>2024 represents the difference between the carrying value on the redemption date of the Series B Preferred Stock and the total amount of consideration paid to redeem.

<sup>(4)</sup>GAAP Diluted Earnings Per Share includes the effects of income allocated to participating securities.

<sup>(5)</sup>% growth taken from change in diluted earnings per share over prior year divided by prior year diluted earnings per share.

<sup>(6)</sup>% growth take from change in adjusted earnings per share over prior year divided by prior year adjusted earnings per share.

Reconciliation of Net Cash Flows from Operating Activities to FFO to Debt (Adjusted) (Non-GAAP) (Unaudited)

**ANNUAL FFO/DEBT RECONCILIATION** (\$ IN MILLIONS)

|                                                 |                  |
|-------------------------------------------------|------------------|
|                                                 | 2025             |
| <b>Net Cash Flows from Operating Activities</b> | <b>2,362</b>     |
| - Accounts receivable                           | (273)            |
| - Inventories                                   | (60)             |
| - Accounts payable                              | 132              |
| - Exchange gas receivable/payable               | 136              |
| - Other accruals                                | 68               |
| - Prepayments and other current assets          | (37)             |
| - Other adjustments                             | (36)             |
| <b>Funds from Operations (Adjusted)</b>         | <b>2,434</b>     |
| <br>Long-term debt                              | <br>15,458       |
| + Current portion of long-term debt             | 20               |
| + Short-term borrowings                         | 736              |
| + Other adjustments                             | (1,110)          |
| <b>Total Adjusted Debt</b>                      | <b>15,103</b>    |
| <br><b>FFO to Debt (Adjusted)</b>               | <br><b>16.1%</b> |

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-16189

**NiSource Inc.**

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of  
incorporation or organization)

801 East 86th Avenue

Merrillville, IN

(Address of principal executive offices)

35-2108964

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

46410

(Zip Code)

(614) 460-6000

(Registrant's telephone number, including area code)

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

| Title of Each Class                      | Trading<br>Symbol(s) | Name of Each Exchange on<br>Which Registered |
|------------------------------------------|----------------------|----------------------------------------------|
| Common Stock, par value \$0.01 per share | NI                   | NYSE                                         |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated Filer ☐ Emerging Growth Company ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrants included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock, par value \$0.01 per share (the "Common Stock") held by non-affiliates was approximately \$18,966,136,571 based upon the June 30, 2025, closing price of \$40.34 on the New York Stock Exchange.

There were 478,533,171 shares of Common Stock outstanding as of February 4, 2026.

**Documents Incorporated by Reference**

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 11, 2026.



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## DEFINED TERMS

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

### **NiSource Subsidiaries and Affiliates (not exhaustive)**

|                                      |                                                                                                             |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Columbia of Kentucky .....           | Columbia Gas of Kentucky, Inc.                                                                              |
| Columbia of Maryland .....           | Columbia Gas of Maryland, Inc.                                                                              |
| Columbia of Ohio .....               | Columbia Gas of Ohio, Inc.                                                                                  |
| Columbia of Pennsylvania .....       | Columbia Gas of Pennsylvania, Inc.                                                                          |
| Columbia of Virginia .....           | Columbia Gas of Virginia, Inc.                                                                              |
| GenCo .....                          | NIPSCO Generation LLC                                                                                       |
| Generation Holdings I .....          | Generation Holdings I LLC                                                                                   |
| Generation Holdings II .....         | Generation Holdings II LLC                                                                                  |
| NIPSCO .....                         | Northern Indiana Public Service Company LLC                                                                 |
| NIPSCO Holdings I .....              | NIPSCO Holdings I LLC                                                                                       |
| NIPSCO Holdings II .....             | NIPSCO Holdings II LLC                                                                                      |
| NiSource ("we," "us" or "our") ..... | NiSource Inc.                                                                                               |
| Rosewater .....                      | Rosewater Wind Generation LLC and its wholly owned subsidiary,<br>Rosewater Wind Farm LLC                   |
| Indiana Crossroads Solar .....       | Indiana Crossroads Solar Generation LLC and its wholly owned<br>subsidiary, Meadow Lake Solar Park LLC      |
| Indiana Crossroads Wind .....        | Indiana Crossroads Wind Generation LLC and its wholly owned<br>subsidiary, Indiana Crossroads Wind Farm LLC |
| Dunn's Bridge I .....                | Dunn's Bridge I Solar Generation LLC and its wholly owned<br>subsidiary, Dunns Bridge Solar Center, LLC     |
| Gibson .....                         | Gibson Solar LLC                                                                                            |
| Fairbanks .....                      | Fairbanks Solar Energy Center LLC                                                                           |

### **Abbreviations and Other**

|                                 |                                                                                                                                                                                                                                    |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AFUDC .....                     | Allowance for funds used during construction                                                                                                                                                                                       |
| ADS .....                       | Amazon Data Services, Inc.                                                                                                                                                                                                         |
| ADS Contract .....              | NIPSCO agreement to provide electricity to ADS' data centers                                                                                                                                                                       |
| Amended LLC Agreement .....     | Third Amended and Restated Limited Liability Company Agreement of<br>NIPSCO Holdings II                                                                                                                                            |
| AOCI .....                      | Accumulated Other Comprehensive Income (Loss)                                                                                                                                                                                      |
| ASC .....                       | Accounting Standards Codification                                                                                                                                                                                                  |
| ASU .....                       | Accounting Standards Update                                                                                                                                                                                                        |
| ATM .....                       | At-the-market                                                                                                                                                                                                                      |
| BIP .....                       | BIP Blue Buyer L.L.C                                                                                                                                                                                                               |
| BIP Blue Buyer VCOC L.L.C. .... | BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company<br>and also an affiliate of Blackstone                                                                                                                            |
| BIP Orion Holdco L.P. ....      | BIP Orion Holdco L.P., a Delaware limited liability company and also<br>an affiliate of Blackstone                                                                                                                                 |
| BIP Orion Holdco II L.P. ....   | BIP Orion Holdco II L.P., a Delaware limited liability company and<br>also an affiliate of Blackstone                                                                                                                              |
| Blackstone .....                | Blackstone Infrastructure Partners L.P.                                                                                                                                                                                            |
| Blackstone Investor .....       | BIP Orion Holdco L.P. and BIP Orion Holdco II L.P. affiliates of<br>Blackstone (GenCo Minority Interest Transaction) and Blackstone<br>Infrastructure Partners, affiliates of Blackstone (NIPSCO Minority<br>Interest Transaction) |
| BTA .....                       | Build-transfer agreement                                                                                                                                                                                                           |
| Cavalry .....                   | Cavalry Solar Generation Center                                                                                                                                                                                                    |

# DEFINED TERMS

|                                            |                                                                                                                                                                                                                                                                                            |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CCGT .....                                 | Combined Cycle Gas Turbine                                                                                                                                                                                                                                                                 |
| CCRs .....                                 | Coal Combustion Residuals                                                                                                                                                                                                                                                                  |
| CEO .....                                  | Chief Executive Officer                                                                                                                                                                                                                                                                    |
| CEP .....                                  | Ohio Capital Expenditure Program                                                                                                                                                                                                                                                           |
| CERCLA .....                               | Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)                                                                                                                                                                                              |
| CFO .....                                  | Chief Financial Officer                                                                                                                                                                                                                                                                    |
| CISA .....                                 | Certified Information Systems Auditor                                                                                                                                                                                                                                                      |
| CISO .....                                 | Chief Information Security Officer                                                                                                                                                                                                                                                         |
| CISSP .....                                | Certified Information Systems Security Professional                                                                                                                                                                                                                                        |
| CODM .....                                 | Chief Operating Decision Maker                                                                                                                                                                                                                                                             |
| Columbia Operations .....                  | Reportable segment comprised of the results of NiSource Gas Distribution company, including all of its Columbia Gas distribution companies and related subsidiaries                                                                                                                        |
| Contract Assets .....                      | Generation assets and related transmission infrastructure to be developed in connection with the ADS Contract                                                                                                                                                                              |
| Corporate Units .....                      | Series A Corporate Units                                                                                                                                                                                                                                                                   |
| CPCN .....                                 | Certificate of Public Convenience and Necessity                                                                                                                                                                                                                                            |
| CRISC .....                                | Certified in Risk and Information Systems Control                                                                                                                                                                                                                                          |
| C&HC Committee .....                       | Compensation and Human Capital Committee                                                                                                                                                                                                                                                   |
| DSIC .....                                 | Distribution System Improvement Charge                                                                                                                                                                                                                                                     |
| DSM .....                                  | Demand Side Management                                                                                                                                                                                                                                                                     |
| Dunn's Bridge II .....                     | Dunn's Bridge II Solar Generation                                                                                                                                                                                                                                                          |
| EPA .....                                  | United States Environmental Protection Agency                                                                                                                                                                                                                                              |
| EPC .....                                  | Engineering, procurement, and construction                                                                                                                                                                                                                                                 |
| EPC Contracts .....                        | Engineering, procurement, and construction contracts                                                                                                                                                                                                                                       |
| EPS .....                                  | Earnings per share                                                                                                                                                                                                                                                                         |
| Equity Units .....                         | Series A Equity Units                                                                                                                                                                                                                                                                      |
| ERP .....                                  | Enterprise Resource Planning                                                                                                                                                                                                                                                               |
| 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                                                                                                                                                                                                                                                                        |
| GCT .....                                  | Generation Cost Tracker                                                                                                                                                                                                                                                                    |
| GenCo Minority Interest Transaction .....  | A transaction between NiSource, Generation Holdings II (sole owner of GenCo) and Blackstone Investor pursuant to a purchase and sale agreement entered into in October 2025, that offered equity interests in Generation Holdings II in exchange for capital contributions by the parties. |
| Generation Holdings II LLC Agreement ..... | Amended and Restated Limited Liability Company Agreement of Generation Holdings II                                                                                                                                                                                                         |
| Generation Assets .....                    | Power generations facilities and battery storage to be developed in connection with the ADS Contract                                                                                                                                                                                       |
| GHG .....                                  | Greenhouse gases                                                                                                                                                                                                                                                                           |
| GWh .....                                  | Gigawatt hours                                                                                                                                                                                                                                                                             |
| HLBV .....                                 | Hypothetical Liquidation at Book Value                                                                                                                                                                                                                                                     |
| IRA .....                                  | Inflation Reduction Act                                                                                                                                                                                                                                                                    |

# DEFINED TERMS

|                                            |                                                                                                                                                                                                                                                                                             |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IRP .....                                  | Infrastructure Replacement Program                                                                                                                                                                                                                                                          |
| IRS .....                                  | Internal Revenue Service                                                                                                                                                                                                                                                                    |
| IURC .....                                 | Indiana Utility Regulatory Commission                                                                                                                                                                                                                                                       |
| JV .....                                   | Joint Venture                                                                                                                                                                                                                                                                               |
| LDCs .....                                 | Local distribution companies                                                                                                                                                                                                                                                                |
| LIFO .....                                 | Last-in, first-out                                                                                                                                                                                                                                                                          |
| LIHEAP .....                               | Low Income Heating Energy Assistance Programs                                                                                                                                                                                                                                               |
| Massachusetts Business .....               | All of the assets sold to, and liabilities assumed by, Eversource Energy pursuant to the applicable asset purchase agreement                                                                                                                                                                |
| MGP .....                                  | Manufactured Gas Plant                                                                                                                                                                                                                                                                      |
| MISO .....                                 | Midcontinent Independent System Operator                                                                                                                                                                                                                                                    |
| MMDth .....                                | Million dekatherms                                                                                                                                                                                                                                                                          |
| MW .....                                   | Megawatts                                                                                                                                                                                                                                                                                   |
| MWh .....                                  | Megawatt hours                                                                                                                                                                                                                                                                              |
| NERC CIP .....                             | North American Electric Reliability Corporation Critical Infrastructure Protection                                                                                                                                                                                                          |
| NIPSCO Electric .....                      | The electric generation and transmission activities of the NIPSCO Operations reportable segment                                                                                                                                                                                             |
| NIPSCO Gas .....                           | The gas distribution activities of the NIPSCO Operations reportable segment                                                                                                                                                                                                                 |
| NIPSCO Holdings II LLC Agreement .....     | Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II                                                                                                                                                                                                              |
| NIPSCO Minority Interest Transaction ..... | A transaction between NiSource, NIPSCO Holdings II (sole owner of NIPSCO) and an affiliate of Blackstone pursuant to a purchase and sale agreement entered into on June 17, 2023, that offered equity interests in NIPSCO Holdings II in exchange for capital contributions by the parties. |
| NIPSCO Operations .....                    | Reportable segment comprised of the results of NIPSCO Holdings I, NIPSCO Holdings II, and NIPSCO and all related subsidiaries                                                                                                                                                               |
| NYMEX .....                                | The New York Mercantile Exchange                                                                                                                                                                                                                                                            |
| OPEB .....                                 | Other Postemployment Benefits                                                                                                                                                                                                                                                               |
| PCB .....                                  | Polychlorinated biphenyls                                                                                                                                                                                                                                                                   |
| PHMSA .....                                | Pipeline and Hazardous Materials Safety Administration                                                                                                                                                                                                                                      |
| PPA .....                                  | Power Purchase Agreement                                                                                                                                                                                                                                                                    |
| PUCO .....                                 | Public Utilities Commission of Ohio                                                                                                                                                                                                                                                         |
| ROE .....                                  | Return on Equity                                                                                                                                                                                                                                                                            |
| RNG .....                                  | Renewable Natural Gas                                                                                                                                                                                                                                                                       |
| ROU .....                                  | Right of Use                                                                                                                                                                                                                                                                                |
| SAVE .....                                 | Steps to Advance Virginia's Energy Plan                                                                                                                                                                                                                                                     |
| Scope 1 GHG Emissions .....                | Direct emissions from sources owned or controlled by us (e.g., emissions from our combustion of fuel, vehicles, and process emissions and fugitive emissions)                                                                                                                               |
| Scope 2 GHG Emissions .....                | Indirect emissions from sources owned or controlled by us                                                                                                                                                                                                                                   |
| SEC .....                                  | Securities and Exchange Commission                                                                                                                                                                                                                                                          |
| SMRP .....                                 | Safety Modification and Replacement Program                                                                                                                                                                                                                                                 |
| SMS .....                                  | Safety Management System                                                                                                                                                                                                                                                                    |
| STRIDE .....                               | Strategic Infrastructure Development and 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)                                                                                                      |

## DEFINED TERMS

|                 |                                                                  |
|-----------------|------------------------------------------------------------------|
| TDSIC .....     | Transmission, Distribution and Storage System Improvement Charge |
| TSA .....       | Transportation Security Administration                           |
| Templeton ..... | Templeton Wind Energy Center                                     |
| VIE .....       | Variable Interest Entity                                         |
| WAM .....       | Work and Asset Management enterprise resourcing system           |

### ***Note regarding forward-looking statements***

This Annual Report on Form 10-K contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, planned 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 not statements of historical fact. Expressions of future goals and expectations and similar expressions reflecting something other than historical fact, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," 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. Investors and prospective investors should understand that many factors impact whether any forward-looking statement contained herein will, or can be, realized. Any one of those factors could cause actual results to differ materially from those projected.

Factors that could cause actual results to differ materially from those projected in any forward-looking statement discussed in this Annual Report on Form 10-K include, among other things:

- our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities;
- our ability to manage data center growth in our service territories;
- potential incidents and other operating risks associated with our business;
- our ability to work successfully with our JV partners;
- our ability to construct, develop and place into service the Contract Assets and any other generation or transmission assets we develop to support future data center contracts on time or at all and consistent with initial cost estimates, as well as the performance of such assets once constructed and placed into service;
- our ability to obtain the significant additional financing required to construct the Contract Assets and any other generation or transmission assets we develop to support future data center contracts on favorable terms, if at all;
- our ability to recover our investments and realize our expected return under the ADS Contract and any future data center contracts that we enter into;
- our ability to maintain our investment grade credit ratings as we finance and pursue our data center strategy, including our performance under the ADS Contract and any future data center contracts that we enter into;
- ADS' performance under the ADS Contract and the performance of our customers under any future data center contracts;
- any decision by ADS to terminate or reduce the committed capacity under the ADS Contract or any decision by any customer under any future data center contract to terminate or reduce the committed capacity under the contract;
- potential changes in the MISO accreditation treatment of capacity resources;
- our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in related laws and regulations;
- our increased dependency on 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 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 demand;
- our ability to attract, retain or re-skill a qualified, workforce and maintain good labor relations;
- our ability to manage new initiatives and organizational changes;

- the performance and quality of third-party suppliers and service providers;
- our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal (as defined below), including any future associated impact from business opportunities such as data center development as those opportunities evolve;
- regulation and the impact of regulatory rate reviews;
- our ability to obtain expected financial or regulatory outcomes;
- potential cybersecurity attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- any damage to our reputation;
- the impacts of natural disasters, potential terrorist attacks or other catastrophic events;
- the physical impacts of climate change and the transition to a lower carbon future;
- our debt obligations;
- any changes to our credit ratings or the credit ratings of certain of our subsidiaries;
- adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment;
- the actions of activist stockholders;
- economic conditions in certain industries;
- the ability 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;
- the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation;
- compliance with changes in, or new interpretations of applicable laws, regulations and tariffs;
- the cost of compliance with environmental laws and regulations and the costs of associated liabilities;
- changes in tax laws or the interpretation thereof; and
- other matters set forth in Part I. Item 1, "Business," Part I, Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, some 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 statement to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to expected results over time or otherwise, except as required by law.

NiSOURCE INC.

## **PART I**

### **ITEM 1. BUSINESS**

#### **Business**

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose primary subsidiaries are fully regulated natural gas and electric utility companies, serving approximately 3.8 million customers in six states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999.

NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia), and NIPSCO Holdings I (a holding company that owns a controlling interest in NIPSCO, a gas and electric utility). NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses. In addition, NiSource will develop the generation resources it plans to use in serving data center customers through its subsidiary Generation Holdings I (a holding company that holds a controlling interest in GenCo).

#### **Business Strategy**

Our business strategy focuses on providing safe and reliable service through our core, rate-regulated, asset-based utilities, with the goal of adding value to all of our stakeholders. Our utilities continue to advance our core safety, infrastructure and environmental investment programs, supported by complementary regulatory and customer initiatives across the six states in which we operate. In 2025, we entered into the ADS Contract, a customized agreement under which NIPSCO will provide electric service to ADS by procuring power from GenCo, which will develop related generation assets, and we expect our data center operations to continue to grow.

Our goal is to develop strategies that (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns.

We remain committed to the advancement of our SMS for the safety of our customers, communities and employees. Our SMS is the established operating model within NiSource. NiSource continues to maintain its certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our SMS. In 2025, NiSource successfully maintained its ISO 55001 Asset Management certifications through LRQA, a global leader in engineering and technology services. These certifications reaffirm our unwavering commitment to safety for our employees and partners, customers, and systems and highlight our continued dedication to operational excellence and the integrity of our SMS.

NiSource has two reportable segments: Columbia Operations and NIPSCO Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, consist of our centralized corporate activities and are primarily comprised of interest expense on holding company debt and unallocated corporate costs and activities, as well as new business development costs associated with GenCo. The following is a summary of the business for each reporting segment. Refer to Part II. Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for additional information related to each segment.

#### **Columbia Operations**

Columbia Operations provides natural gas to approximately 2.4 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. We operate approximately 37,300 miles of distribution main pipeline plus the associated individual customer service lines and 310 miles of transmission main pipeline located in our service areas described above. Throughout our service areas we also have gate stations and other operations support facilities. See below for information on our owned storage facilities. There were no significant disruptions to our system or facilities during 2025.

**NiSOURCE INC.**

**ITEM 1. BUSINESS**

| Facility Name          | Location         | Type            | Storage Capacity (MCF) |
|------------------------|------------------|-----------------|------------------------|
| Eagle Cove Propane     | Petersburg, VA   | Propane Gas     | 863                    |
| South Wales Propane    | Jeffersonton, VA | Propane Gas     | 863                    |
| Portsmouth Propane-Air | Portsmouth, VA   | Propane-Air Gas | 17,300                 |
| Total Capacity         |                  |                 | 19,026                 |

**Competition.** Due to open access and the deregulation of natural gas supplies, our LDC customers can purchase gas directly from producers and marketers in an open, competitive market. Certain of our subsidiaries are involved in programs that provide our residential and commercial customers the opportunity to purchase their natural gas requirements from third parties and use our subsidiaries for transportation services. As of December 31, 2025, 34.9% of our residential customers and 41.1% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our service areas, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the energy markets in which we operate due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Columbia Operations," for additional information.

**NIPSCO Operations**

NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana.

**NIPSCO Gas**

NIPSCO Gas distributes natural gas to approximately 0.9 million customers in northern Indiana. We operate approximately 18,100 miles of distribution main pipeline plus the associated individual customer service lines and 720 miles of transmission main pipeline located in our northern Indiana service areas. Throughout northern Indiana, we also have gate stations and other operations support facilities. See below for information on our owned storage facilities. There were no significant disruptions to our system or facilities during 2025.

| Facility Name                    | Location            | Type                  | Storage Capacity (MCF) |
|----------------------------------|---------------------|-----------------------|------------------------|
| Royal Center Underground Storage | Royal Center, IN    | Natural Gas           | 7,240,000              |
| Rolling Prairie LNG              | Rolling Prairie, IN | Liquified Natural Gas | 4,000,000              |
| Total Capacities                 |                     |                       | 11,240,000             |

**Competition.** Similar to the Columbia Operations segment, NIPSCO Gas operates in an open and competitive market which allows retail customers to purchase gas directly from producers and marketers. As of December 31, 2025, 6.8% of our residential customers and 18.5% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our northern Indiana service area, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the northern Indiana market due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's



**NiSOURCE INC.**

**ITEM 1. BUSINESS**

Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

**NIPSCO Electric**

We generate, transmit and distribute electricity to approximately 0.5 million customers in 20 counties in the northern part of Indiana. We also engage in wholesale electric and transmission transactions, and enter into customized agreements to provide electric service to data center customers. Our transmission system, has voltages from 69,000 to 765,000 volts, and consists of approximately 3,000 circuit miles. We are interconnected with eight neighboring electric utilities. We operate 65 transmission and 240 distribution substations, and own approximately 312,500 poles. We own and operate generation assets as well as source power through PPAs. We currently have eight renewable generation facilities in service, three of which were placed into service in 2025. As of December 31, 2025, we also have multiple PPAs that provide approximately 1,200 MW of capacity, with contracts expiring between 2038 and 2045. We also operate two hydroelectric generation facilities, a CCGT, and two coal generation facilities.

In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions and authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). For additional information, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Results and Discussion of Operations - NIPSCO Operations," and Part I, Item 1A. "Risk Factors." The Michigan City coal facility is scheduled to be retired by the end of 2028.

We had forced outages during 2025, none of which had material impacts to our operations. See below for information on our owned generating facilities:

| <b>Facility Name</b>                     | <b>Location</b>      | <b>Fuel Type</b>  | <b>Generating Capacity (MW)<sup>(1)</sup></b> |
|------------------------------------------|----------------------|-------------------|-----------------------------------------------|
| R.M. Schahfer                            | Wheatfield, IN       | Steam - Coal      | 722                                           |
| Michigan City                            | Michigan City, IN    | Steam - Coal      | 455                                           |
| Sugar Creek                              | West Terre Haute, IN | CCGT              | 665                                           |
| R.M. Schahfer                            | Wheatfield, IN       | Natural Gas       | 155                                           |
| Oakdale                                  | Carroll County, IN   | Hydro             | 9                                             |
| Norway                                   | White County, IN     | Hydro             | 7                                             |
| Rosewater <sup>(2)</sup>                 | White County, IN     | Wind              | 102                                           |
| Indiana Crossroads Wind <sup>(2)</sup>   | White County, IN     | Wind              | 302                                           |
| Dunns Bridge I <sup>(2)</sup>            | Jasper County, IN    | Solar             | 265                                           |
| Indiana Crossroads Solar <sup>(2)</sup>  | White County, IN     | Solar             | 200                                           |
| Cavalry Solar and Storage <sup>(3)</sup> | White County, IN     | Solar and Storage | 200                                           |
| Dunns Bridge II <sup>(3)</sup>           | Jasper County, IN    | Solar and Storage | 435                                           |
| Fairbanks Solar                          | Sullivan County, IN  | Solar             | 250                                           |
| Gibson Solar                             | Gibson County, IN    | Solar             | 200                                           |
| <b>Total MW Capacity</b>                 |                      |                   | <b>3,967</b>                                  |

<sup>(1)</sup>Represents current net generating capability of each fossil fuel and hydro generating facility. Nameplate capacity is listed for wind and solar generating facilities.

<sup>(2)</sup>NIPSCO is the managing partner of these JVs. Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

<sup>(3)</sup>Cavalry Solar and Storage has installed battery storage capacity of 45MW over a four-hour duration. Dunns Bridge II has installed battery storage capacity of 56MW over a four-hour duration.

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NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC in December 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporated factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements, along with new gas-fired resources and other capacity resources to support new data center load. In this regard, we executed the ADS Contract in September 2025. As we continue to evaluate additional agreements with data center customers, future integrated resource plans will take this into consideration. Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these plans.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, Financial Transmission Rights and ancillary markets. NIPSCO has transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff. NIPSCO generating units are dispatched by MISO which takes into account economics, reliability of the MISO system and unit availability. During the year ended December 31, 2025, NIPSCO generating units, inclusive of its owned renewable generation facilities, were dispatched to meet 55.4% of its overall system load, and the remainder of the overall system load was procured through PPAs and the MISO market.

**Competition.** Our NIPSCO Electric utility generally has exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources. With respect to data center customers, we face competition from utilities and other energy sources across the United States and abroad. Data center customers consider numerous factors in selecting sites for their operations, including, but not limited to, local weather conditions and patterns, cost of land, local political environment, anticipated ease of zoning and permitting, applicable taxes, and the ability of utilities or power providers to deliver electricity quickly and at scale.

Our NIPSCO Operations are subject to seasonal fluctuations in sales. Revenues from electric operations are more significant during the cooling season, which is primarily from June through September. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

**Regulatory**

The regulatory landscape, at both the state and federal levels, continues to evolve, impacting the operations and financial results of our operating companies. Management continually seeks new ways to be more competitive and efficient in this environment, while keeping service and affordability for customers at the forefront. We believe we are, in all material respects, in compliance with applicable laws and regulations at both the state and federal level and do not expect future compliance requirements to have a material impact on our capital expenditures, earnings, or competitive position. While we continue to monitor existing and pending laws and regulations, the impact of regulatory changes cannot be predicted with certainty.

**NiSOURCE INC.**

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**Rate Case Actions.** The following table describes current rate case actions as applicable in each of our jurisdictions. See "Cost Recovery and Trackers" below for further detail on trackers.

(in millions)

| Company                             | Approved ROE | Requested Incremental Revenue | Approved Incremental Revenue | Filing Date        | Rates Effective |
|-------------------------------------|--------------|-------------------------------|------------------------------|--------------------|-----------------|
| <b>Approved Rates Cases</b>         |              |                               |                              |                    |                 |
| Columbia of Pennsylvania            | 10.00 %      | \$ 110.4                      | \$ 55.6                      | March 20, 2025     | January 2026    |
| Columbia of Maryland                | 9.80 %       | \$ 10.7                       | \$ 7.8                       | September 24, 2024 | April 2025      |
| Columbia of Kentucky                | 9.75 %       | \$ 23.8                       | \$ 14.3                      | May 16, 2024       | January 2025    |
| Columbia of Virginia <sup>(1)</sup> | 9.75 %       | \$ 37.2                       | \$ 28.2                      | April 29, 2024     | October 2024    |
| Columbia of Ohio                    | 9.60 %       | \$ 221.4                      | \$ 68.3                      | June 30, 2021      | March 2023      |
| NIPSCO - Gas <sup>(2)</sup>         | 9.75 %       | \$ 161.9                      | \$ 120.9                     | October 25, 2023   | August 2024     |
| NIPSCO - Electric <sup>(3)</sup>    | 9.75 %       | \$ 368.7                      | \$ 257.0                     | September 12, 2024 | July 2025       |

<sup>(1)</sup>The approved rate case resulted in a black box settlement, representing a settlement to a specific revenue increase but not a specified ROE. The settlement provides use of a 9.75% ROE for future SAVE filings.

<sup>(2)</sup>New rates were implemented in 2 steps, with implementation of Step 1 rates effective in August 2024 and Step 2 rates effective in February 2025.

<sup>(3)</sup>New rates were implemented in multiple steps, with implementation of Step 1 rates in July 2025 and Step 2 rates effective by March 2026.

**FERC.** Our service company and operating companies are subject to varying degrees of regulation by the FERC. NiSource Corporate Services files a FERC Form 60 annual report with its financial information as a FERC jurisdictional centralized service company. NiSource also files an annual FERC Form 61 which contains a narrative description of the service company's functions during the prior calendar year.

As natural gas LDCs, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and NIPSCO Gas have limited jurisdictional certificates to transport gas in their respective service territories and into interstate commerce.

As an electric company, NIPSCO Electric has Market Based Rate authority and is a Transmission Owner subject to FERC jurisdiction. NIPSCO files the following reports annually:

- FERC Form 1, which is a comprehensive financial and operating report,
- FERC Form 566, which is a list of its 20 largest purchases of electricity over the past three years,
- FERC Form 715, which is its Annual Transmission Planning and Evaluation Report and the base case power flow data from the Eastern Interconnection Reliability Assessment Group Multiregional Modeling Working Group, which is used by NIPSCO for transmission planning and,
- FERC Form 730, which is NIPSCO's Report of Transmission Investment Activity.

As a Transmission Owner subject to the MISO Transmission Owners Agreement and Tariff, NIPSCO has various FERC jurisdictional obligations such as maintaining its Attachment O formula rates and corresponding protocols. NIPSCO also has FERC approvals to make affiliate transactions between itself and various JVs. NIPSCO's officers, on the electric side, are also subject to FERC's interlocking directorate rules and reporting requirements.

**Regulatory Framework.** The gas distribution activities of our Columbia and NIPSCO Operations have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include (i) gas supply cost incentive mechanisms for service to their core markets, and (ii) the sale of on-system services in the companies' service territories. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the gas distribution operations utility's system. The incentive mechanisms give the gas distribution operations utilities an opportunity to share in the savings created from such situations as gas purchases made below an agreed upon benchmark price and the remarketing of unused pipeline capacity to reduce overall pipeline costs.

## **NiSOURCE INC.**

### **ITEM 1. BUSINESS**

We recognize that energy efficiency reduces emissions, conserves natural resources and saves our customers money. Our gas distribution companies offer programs such as energy efficiency upgrades, home checkups and weatherization services. The increased efficiency of natural gas appliances and improvements in home building codes and standards contribute to a long-term trend of declining average use per customer. While we are looking to expand offerings so the energy efficiency programs can benefit as many customers as possible, our gas distribution operations utilities have pursued changes in rate design to more effectively match recoveries with costs incurred. Columbia of Ohio has adopted a straight fixed variable rate design for residential and small commercial customers 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. 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 5%. Columbia of Kentucky incorporates a weather normalization adjustment for certain customer classes and also has a fixed customer charge. NIPSCO Gas has also received approval and implemented a weather normalization adjustment for certain of its customer classes. NIPSCO Gas and Electric include a fixed customer charge for residential and small commercial and industrial customer classes.

While increased efficiency of electric appliances and improvements in home building codes and standards have similarly impacted the average use per electric customer in recent years, NIPSCO expects future growth in per customer usage as a result of increasing electric applications, such as electric vehicles. These ongoing changes in use of electricity will likely lead to development of innovative rate designs, and NIPSCO will continue efforts to design rates that increase the certainty of recovery of fixed costs.

***Cost Recovery and Trackers.*** Comparability of our operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs. 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 NIPSCO Operations' and Columbia Operations' gas distribution revenue is related to the recovery of gas costs through GCA's, the review 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 confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the NIPSCO 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.

### **Political Action**

The NiSource Political Action Committee ("NiPAC") provides our employees a voice in the political process. NiPAC is a voluntary, employee driven, and employee funded political action committee and makes bipartisan political contributions to local, state and federal candidates, where permitted and in accordance with established guidelines. Consistent with our commitments and our approach to engagement, the NiPAC leadership committee members evaluate candidates for support on issues important to our business.

### **Environmental and Safety Matters**

#### **PHMSA Legislation and Regulations**

To fulfill our vision of being a trusted energy provider, we follow safety practices required by regulations as we implement our SMS. Our SMS serves as the framework to identify and reduce risks and ensure consistent safety processes, procedures and operations across the organization.

As directed by law in the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020, PHMSA has proposed and revised various pipeline safety regulations focused on public safety, environmental hazard mitigation, leak detection, methane emissions reduction, and enhanced safeguards for low-pressure distribution systems. Proposed revisions included requirements to detect and repair more leaks, increase survey frequency, and incorporate additional protections to prevent overpressurization. A final leak detection and repair rule was withdrawn from publication in the Federal Register in January 2025 and the Safety of Gas Distribution Pipelines rulemaking did not progress in 2025.

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We continue to evaluate and monitor PHMSA-related legislation and regulations but cannot predict the impact of changing pipeline safety laws and regulations on our business at this time.

**Environmental and Climate Change Issues**

In March 2025, the EPA announced it will undertake 31 deregulatory actions to advance the administration's policy priorities as directed by various executive orders. These actions will address multiple existing water, waste, air and climate regulations including, but not limited to, GHG and CCR rules. In July 2025, the EPA proposed rescinding the 2009 Endangerment Finding, the scientific and legal foundation for federal GHG regulations under the Clean Air Act. Additionally, in November 2025, the EPA proposed a rule to extend the compliance deadline for owners and operators to complete closure of their unlined CCR surface impoundments larger than 40 acres from October 2028 to October 2031. On February 6, 2026, the EPA issued a final rule extending compliance deadlines for several provisions of the Legacy CCR Rule. NiSource will continue to monitor these matters and assess the impacts to our business as regulations are proposed and finalized, or as otherwise required by law.

***Physical Climate Risks.*** Increased frequency of severe and extreme weather events associated with climate change could materially impact our facilities, energy sales, and results of operations. We are unable to predict these events. However, we perform assessments of physical risk, including physical climate risk, to our business. More extreme and volatile temperatures, increased storm intensity and flooding, and more volatile precipitation leading to changes in lake and river levels are among the weather events that are most likely to impact our business. Efforts to mitigate these physical risks continue to be implemented.

***Transition Climate Risks and Opportunities.*** We actively engage with and monitor the impact that proposed legislative and regulatory programs related to GHG emissions, at both the federal and state levels, would have on our business. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

In June 2025, the EPA proposed to repeal GHG emissions standards for fossil fuel-fired power plants that were finalized by the previous federal administration in May 2024. The proposed repeal would eliminate key requirements from the 2024 Carbon Pollution Standards, including capacity factor thresholds and carbon capture and storage (CCS) mandates. If finalized, this action would remove regulatory constraints that could significantly impact NIPSCO's planned gas generation, allowing customers to avoid approximately \$675 million in additional costs as contemplated through the 2024 NIPSCO IRP.

We also continue to monitor evolving state policies related to GHG emissions from our gas distribution companies. The Climate Solutions Now Act of 2022 ("Act") requires Maryland to reduce GHG emissions by 60% by 2031 (from 2006 levels), and it requires the state to reach net zero emissions by 2045. The Maryland Department of the Environment ("MDE") adopted a plan to achieve its 2031 goal and is required to adopt a plan for its 2045 net zero goal by 2030. The Act also enacts a state policy to move to broader electrification of both existing buildings and new construction. In December 2024, the MDE issued final Building Energy Performance Standards, which require net zero direct GHG emissions from large buildings by 2040 with interim targets, or payments of an alternative compliance fee. Under an executive order, Maryland is also developing a Clean Heat Standard and a Zero-Emission Heating Equipment Standard, among other programs, that are intended to transition gas furnaces to electric heat pumps. In December 2025, the Maryland Public Service Commission ("MD PSC") issued proposed regulations with the stated purpose of eliminating "subsidies" for the extension of gas mains and service lines to new residential and commercial customers. According to the MD PSC, these regulations, if finalized, would require persons who request new service to pay the full cost of extending service in order to minimize the risk of future stranded costs for all ratepayers. These proposed regulations were issued in accordance with a June 2025 MD PSC order directing its Staff to prepare such proposed regulations by December 2025. In August 2025, the MD PSC instituted formal proceedings to investigate issues pertaining to long-term natural gas company planning practices. One purpose of these proceedings is to ensure that planning is consistent with Maryland's climate goals. Columbia of Maryland cannot predict the final impact of these policies and proceedings on our business at this time.

***Net Zero Goal.*** In November 2022, we announced a goal of net zero GHG emissions by 2040 covering both Scope 1 and Scope 2 GHG emissions ("Net Zero Goal"). Our Net Zero Goal builds on GHG emission reductions achieved to-date. We plan to achieve our Net Zero Goal primarily through the continuation and enhancement of existing programs, such as retiring and replacing coal-fired electric generation with low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak-detection technologies. In addition, we plan to advance other low- or zero-emission energy resources and technologies, which may include hydrogen, renewable natural gas, long-duration storage, and/or deployment of carbon capture and utilization technologies, if and when these become technologically and economically feasible. Carbon offsets and renewable energy credits may also be used to support achievement of our Net Zero Goal. As of the end of 2024, we had reduced Scope 1 GHG emissions by approximately 72% from 2005 levels.

**NISOURCE INC.**

ITEM 1. BUSINESS

Our GHG emissions projections, including achieving a Net Zero Goal, are subject to various assumptions that involve risks and uncertainties, and did not include any assumptions related to data center development and associated load growth. We remain committed to our Net Zero Goal; however, certain of our interim goals may evolve as we assess and respond to business opportunities such as data centers. Achievement of our Net Zero Goal by 2040 will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, as well as execution of our business plan. Otherwise, our actual results or ability to achieve our Net Zero Goal, including by 2040, may differ materially.

As discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Results and Discussion of Operations - NIPSCO Operations," NIPSCO continues to execute its electric generation transition consistent with the preferred pathways identified in its 2018, 2021 and 2024 Integrated Resource Plans. Additionally, as discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Executive Summary - Energy Transition" and "Liquidity and Capital Resources - Regulatory Capital Programs," our natural gas distribution companies are lowering methane emissions by replacing aging infrastructure, which also increases safety and reliability for customers and communities.

**Human Capital**

***Human Capital Management Governance and Organizational Practices.*** The Compensation and Human Capital Committee ("C&HC Committee") of our Board of Directors (the "Board") is primarily responsible for assisting the Board in overseeing our human capital management practices. The C&HC Committee reviews our human capital management function and programs. The review of related procedures, programs, policies and practices allows the committee to make recommendations to management with respect to equal employment opportunity, employee engagement, organizational health, and talent management.

***Human Capital Goals and Objectives.*** We have aligned our human capital goals to achieve overall company strategic and operational objectives by driving an enhanced talent strategy, elevating support for front-line leaders, fostering a culture of rigor and accountability, and strengthening our human resource function. We aspire to be an employer of choice, in part, through embedding inclusion throughout the enterprise and creating an enviable employee experience.

***Workforce Composition.*** As of December 31, 2025, we had 7,668 full-time and 70 part-time active employees (i.e., not interns, not on leave or disability). Of our total workforce, 32% were subject to collective bargaining agreements with various labor unions. These collective bargaining agreements were renegotiated in 2021 and 2023 and expire between March 2026 and June 2027.

We seek to foster an enviable work environment where all employees are energized. In efforts to become an employer of choice, we have developed sourcing strategies to attract and retain the most qualified talent. We are committed to providing equal employment opportunities in each of our companies to all employees and applicants without regard to race, color, religion, national origin or ancestry, veteran status, disability, gender, age, marital status, sexual orientation, gender identity, genetic information, or any protected group status as defined by law. The input provided by our increasingly diverse and inclusive workforce will continue to strengthen our corporate culture as well as drive constructive changes within our company to improve our operational strategies, enhance the quality of the services we provide, and increase revenue. We also offer employee resource groups (ERGs), which are offered to all employees and provide individuals with a shared interest the opportunity to connect.

***Talent Attraction.*** To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate relationships with community and outreach partners. We also target job fairs, while also partnering with local colleges and universities to identify and recruit qualified applicants.

***Talent Development and Retention.*** We offer leadership development programs to enhance the behaviors and skills of our existing and future leaders. In 2025, we had participation from employees of all levels. We also offer extensive technical and non-technical employee development training programs.

We strive to provide promotion and advancement opportunities for employees. We also develop and implement targeted development action plans to increase succession candidate readiness for leadership roles. Additionally, we monitor the risk and potential impact of talent loss and take action to increase retention of top talent.

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**Succession Planning.** We perform succession planning annually for officer level positions to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Talent is identified, and potential paths of development are discussed, to ensure that employees have an opportunity to build their skills to be well-prepared for future roles. We maintain formal succession plans for our CEO and key officers. The succession plan for our CEO is reviewed by the Nominating and Governance Committee and the succession plans for key officers (other than the CEO) and critical roles are reviewed by the C&HC Committee annually or more frequently as needed.

**Employee and Workplace Health and Safety.** We have several programs to support employees and their families' well-being. These programs include competitive medical, dental, vision, life and long-term disability programs, including employee health savings account company contributions, family building benefits, telemedicine services, Employee Assistance Program, Integrated Health Management navigation services, and paid time off including wellness, sick/disability, parental leave, and "illness in family" days.

We also have a robust program to support employees, contractors and public safety, which is led by our Chief Safety Officer and is under the oversight of the Safety, Operations, Regulatory and Policy Committee of our Board.

**Culture and Engagement.** Our culture is another important aspect of our ability to advance our strategic and operational objectives. In addition to the recruiting, development and retention programs described above, we also invest in internal communications programs, including in-person and virtual learning and networking opportunities, as well as regular town hall communications to employees. We measure and monitor organizational health and employee engagement through various channels including employee lifecycle, pulse, and census surveys.

To instill and reinforce our values and culture, we require our employees to participate in regular training on ethics and compliance topics each year, including raising concerns, treating others with respect, preventing discrimination in the workplace, anti-bribery and corruption, data protection, unconscious biases, harassment, conflicts of interest, and how to use the anonymous ethics and compliance hotline. All employees receive training on our Code of Business Conduct annually or more frequently if there is a material change in content. Because of this training and other programs, we have learned from our most recent employee survey that our employees know what ethical violations look like and how to report them. Our Code of Business Conduct is designed to ensure that our employees adhere to legal and regulatory requirements, mitigate risks, and promote ethical behavior. Our ethics program is led by leadership tone at the top, policies and procedures, regular training and communication, monitoring and auditing, and a system for reporting and addressing violations. Our business ethics program, including the employee training program, is reviewed annually by our executive leadership team and the Audit Committee of our Board of Directors.

Our C&HC Committee reviews reports from our Chief Human Resources Officer on employee engagement and corporate culture. Our Board reviews results and action plans related to our enterprise-wide comprehensive employee engagement survey. Our executive leadership team, including our CEO, communicates directly and regularly with all employees on timely ethics topics through electronic messages, coffee chats, and all-employee town hall meetings. These communications emphasize the importance of our values and culture in the workplace.

**Available Information**

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers from which investors can electronically access our SEC filings.

We make a number of reports and other information available free of charge on our website, [www.nisource.com](http://www.nisource.com), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

**NiSource INC.**

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following is a list of our Executive Officers, including their names, ages, offices held and other recent business experience.

| <u>Name</u>            | <u>Age</u> | <u>Office(s) Held in Past 5 Years</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lloyd M. Yates         | 65         | President and Chief Executive Officer of NiSource since February 2022 and Director since March 2020                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Shawn Anderson         | 44         | Executive Vice President and Chief Financial Officer of NiSource since March 2023<br>Senior Vice President, Strategy and Chief Risk Officer from May 2022 to March 2023<br>Senior Vice President and Chief Strategy and Risk Officer from June 2020 to May 2022                                                                                                                                                                                                                                                                      |
| Melody Birmingham      | 54         | Executive Vice President and Group President, Utilities of NiSource since March 2025<br>Executive Vice President and President, NiSource Utilities of NiSource from March 2023 to February 2025<br>Executive Vice President and Chief Innovation Officer of NiSource from July 2022 to March 2023<br>Senior Vice President and Chief Administrator Officer of Duke Energy Corporation from May 2021 to June 2022<br>Senior Vice President, Supply Chain and Chief Procurement Officer of Duke Energy Indiana from 2018 to April 2021 |
| William Jefferson, Jr. | 64         | Executive Vice President, Chief Operating and Safety Officer of NiSource since May 2024<br>Executive Vice President, Operations and Chief Safety Officer of NiSource from July 2022 to May 2024<br>Station Director at STPNOC, Wadsworth, Texas, from 2020 to May 2022 and Vice President in 2022                                                                                                                                                                                                                                    |
| Michael S. Luhrs       | 53         | Executive Vice President, Technology, Customer and Chief Commercial Officer of NiSource since March 2025<br>Executive Vice President, Strategy and Risk and Chief Commercial Officer of NiSource from March 2023 to February 2025<br>Senior Vice President at Alliant Energy from 2022 to March 2023<br>Vice President at Duke Energy Corporation from 2013 to 2022                                                                                                                                                                  |
| Kimberly S. Cuccia     | 42         | Executive Vice President, General Counsel and Corporate Secretary of NiSource since March 2025<br>Senior Vice President, General Counsel and Corporate Secretary of NiSource from April 2022 to February 2025<br>Vice President, Interim General Counsel and Corporate Secretary of NiSource from December 2021 to April 2022<br>Vice President and Deputy General Counsel, Regulatory, of NiSource Corporate Services Company, from January 2021 to December 2021                                                                   |
| Melanie B. Berman      | 55         | Executive Vice President, Administration and Chief Human Resources Officer of NiSource since March 2025<br>Chief Human Resources Officer and Senior Vice President, Administration of NiSource from May 2024 to March 2025<br>Senior Vice President and Chief Human Resources Officer of NiSource from June 2021 to May 2024<br>Executive Vice President and Chief Human Resources Officer of The Michaels Companies, Inc. from 2020 to 2021                                                                                         |
| Gunnar J. Gode         | 52         | Senior Vice President, Chief Accounting & Tax Officer of NiSource since August 2025<br>Vice President, Chief Accounting Officer and Controller of NiSource from July 2020 to July 2025                                                                                                                                                                                                                                                                                                                                               |



**NiSOURCE INC.**  
**ITEM 1A. RISK FACTORS**

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**Risk Factors Summary**

The following is a summary of material risks that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**OPERATIONAL RISKS**

- We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities.
- Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.
- We currently conduct and may conduct in the future certain operations through a JV arrangement involving third-party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.
- Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our inability to manage such related costs could make us less competitive.
- Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.
- Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.
- We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.
- Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.
- Our capital projects and programs subject us to construction and supply risks, and are subject to governmental oversight and approvals.
- Fluctuations in weather, gas and electricity commodity costs, and economic conditions may impact customer demand.
- Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.
- Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.
- Failure to effectively manage new initiatives and organizational changes.
- Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.
- We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.
- The impacts of a cyber-attack or security breach on any of our or certain third-party technology systems, including operational disruptions and the loss or misuse of confidential and proprietary information and related liability.
- Failure to comply with cybersecurity laws and regulations and the resulting impact on our reputation and business.
- The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events including operational disruptions.
- We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.
- The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.
- We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goal.

**NISOURCE INC.**  
**ITEM 1A. RISK FACTORS**

**FINANCIAL, ECONOMIC AND MARKET RISKS**

- We have substantial indebtedness which could adversely affect our financial condition.
- A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.
- Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.
- Most of our revenues are subject to regulation and are exposed to the impact of regulatory rate reviews and proceedings.
- The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.
- Our business operations are subject to economic conditions in certain industries.
- We are exposed to payment risk with respect to customers and risk that suppliers or counterparties will not perform their contractual obligations.
- We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.
- Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.
- Any future impairments of goodwill resulting in a significant charge to earnings in a future period and negatively impacting our compliance with certain contractual covenants.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

- The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.
- A failure to comply with changes in, or new or different interpretations of, the various federal, state and local laws, regulations, tariffs and policies applicable on our business.
- Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.
- Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.

**DATA CENTER OPERATIONS AND STRATEGY RISKS**

- Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.
- Our construction of the Contract Assets and any generation or transmission assets we develop to support future data center contracts involves significant risks. Construction delays, cost overruns or performance issues with the Contract Assets could reduce our returns under the ADS Contract or other future data center contracts and could require us to obtain additional financing.
- The terms and availability of the significant additional financing required to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts.
- Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.
- The return structure and risk profile of ADS Contract and any future data center contract will differ from those of NIPSCO's traditionally regulated utility operations.
- Our partnership with ADS exposes us to significant customer concentration risk.

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**OPERATIONAL RISKS**

**We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities.**

Operational, financial or regulatory conditions may result in our inability to execute our business plan or growth strategy, including investments related to natural gas and electric distribution and transmission infrastructure investments and our electric generation projects.

Our enterprise-wide transformation roadmap initiatives identify and enable long-term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization. These initiatives have increased the volume and pace of change within our organization and may not be effective or achieve planned results. These initiatives may also divert the attention of management from other aspects of our business. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, and mergers from time to time as we execute on our business plan and growth strategy. Any of these circumstances could adversely affect our business, results of operations and growth prospects. Even if our business plan, growth strategy, and/or business opportunities are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We may experience supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects, as well as our ability to ensure timely completion.

Additionally, operational, financial or regulatory conditions or other factors may result in our inability to effectively develop and implement our strategy with respect to the complex business opportunities associated with growing interest in data centers from existing and potential customers. See “Data Center Operations and Strategy Risks” for a discussion of certain such risks.

**Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.**

Our gas distribution and transmission activities and our electric generation, transmission and distribution activities involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental contamination, mechanical problems, damage from weather events, and other incidents, which could cause substantial financial losses. These hazards and risks have resulted and may result in serious injury or loss of life to employees and/or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial business and financial losses. The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. Hazardous incidents have subjected and may subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

**We currently conduct and may conduct in the future certain operations through a JV arrangement involving third-party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.**

We have and may enter into JV arrangements involving third-party investors, including the NIPSCO Minority Interest Transaction and the GenCo Minority Interest Transaction. As part of a JV arrangement, third-party investors may hold certain protective rights that may impact our ability to make certain decisions, restricting our operational and corporate flexibility. The NIPSCO Holdings II LLC Agreement and Generation Holdings II LLC Agreement contain certain such provisions. Any such third-party investors may have interests and objectives which may differ from ours, we may be unable to cause these third

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parties to take action that we believe would be in the JV's best interest, and, accordingly, disputes may arise that may result in operational impasses or litigation, including business delays.

**Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our inability to manage such related costs could make us less competitive.**

A key element of our electric business model includes generating power at central station power plants and transmitting that power to customers to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, and energy storage. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating, transmission and distribution facilities to decline, including our ability to recover our prior investments in such facilities.

Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, and potential competition supported by changes in laws or regulations, including potential natural gas bans or restrictions, such as the Department of Energy's furnace rule banning non-condensing gas furnaces, could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demand and expectations and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology, successfully implement such changes, and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our business, results of operations and financial condition. Furthermore, if these changes do not provide the anticipated benefits or meet customer demand and expectations, such failure could materially adversely affect our business model as well as impact our results of operations and financial condition.

**Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.**

We use a variety of technological tools and systems including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact our financial condition and results of operations. Although we have, when possible, developed alternative sources of technology and built redundancy and security into our computer operations, there can be no assurance that these efforts will protect against all potential issues related to the loss or failure of any such technologies.

**Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.**

We face risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and/or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (i) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, (ii) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures and (iii) other potential risks related to missing or incorrect infrastructure data. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs.

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Supply chain issues related to shortages of materials, labor and transportation logistics may lead to delays in the maintenance and replacement of aging or damaged infrastructure, which could increase the probability and/or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile certain materials in inventory, these efforts may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

**We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.**

Our ability to obtain insurance, as well as the cost and coverage of such insurance, is impacted by various events and developments affecting our industry and the financial condition and underwriting considerations of insurers. For example, some insurers have discontinued underwriting certain carbon-intensive energy-related businesses such as those in the coal industry or excluded coverage for specific perils such as wildfires, environmental exposures or punitive damage risks. Certain perils, such as cyber liability, are now being excluded from some master policies for property and casualty insurance, requiring, where we have the ability, procurement of additional policies to maintain consistent coverage at an additional cost. Specific natural catastrophe events, such as hail and tornado, may not be covered with the same limits as other perils in certain property policies, as full coverage for these events is unavailable in the marketplace. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us, and we may elect not to carry coverage at the same levels as have been historically procured. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position.

**Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.**

We intend to retire the remaining two coal units at R.M. Schahfer Generating Station, two natural gas-fired peaking units at R.M. Schahfer Generating Station, and the coal unit at Michigan City Generating Station. Absent a directive to remain open, we intend to retire the two natural-gas fired peaking units at R.M. Schahfer Generating Station by the end of 2027 and the coal unit at Michigan City Generating Station by the end of 2028. Although we had previously intended to retire them by the end of 2025, the two coal units at R.M. Schahfer Generating Station are currently subject to a federal directive to remain open. These units are being replaced with a diverse, flexible, and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management programs, wind, solar, battery energy storage, and new natural gas peaking resources. Project delays or potential changes with MISO's capacity accreditation of these replacement resources, may also drive us to evaluate additional alternatives to meet our capacity requirements. Macro supply chain issues and U.S. federal policy actions, such as additional federal directives preventing the retirement of these or other assets and the duration of such directives, could create uncertainty around the timing and availability of key input materials necessary to develop and place our electric generation projects in service.

We expect renewable generation, battery energy storage and natural gas generation to be the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. Any delays in the completion of such projects could create significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Delays to the completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition. An inability to secure and deliver on electric generation projects has negatively impacted, and could in the future negatively impact, our generation transition timeline and could negatively impact our achievement of decarbonization goals and reputation.

Our electric generation strategy may require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. In recent years, MISO has implemented new capacity accreditation rules and continues to put forth new plans and proposals relating to its accreditation requirements. Recent MISO accreditation changes have affected generation

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resources, with solar, wind, and battery storage being more significantly impacted than natural gas. It is possible that, under future MISO rules, the capacity accreditation for the capacity resources we construct (potentially including the significant capacity resources we plan to construct to serve ADS and any additional data center customers) will be eliminated or reduced, in which case we would need to replace or supplement the accredited generation capacity we plan to build. We expect that we would need to obtain significant additional debt and equity financing to fund these investments, which may not be available on favorable terms or at all. Although under the terms of the ADS Contract the costs of additional investment in generation resources in response to loss of MISO accreditation would be shared by us and ADS, such investment would be funded initially by us, and our recovery from ADS would occur over an extended period of time. In addition, there can be no guarantee that future data center contracts will contain adequate protections in this regard, or that any such contractual protections would be effective. If we are required to construct additional generation as a result of MISO accreditation changes (and obtain related financing), this could negatively impact our return under the ADS Contract or other data center contracts or otherwise adversely affect our future results and financial condition.

**Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies.**

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas transmission and distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. In particular, in addition to the capital projects we plan to undertake to support our base business, in connection with the ADS Contract, we expect to construct, through GenCo, 400 MW of new battery storage and a new power generation facility consisting of two 1,300 MW CCGTs, which are expected to reach commercial operation between 2028 and 2032, as well as related transmission and distribution assets. In addition, in order to perform under any further data center contracts, we expect that we will need to develop additional generation and transmission assets, which may be significant. As we undertake these projects, we may be unable to complete them on schedule or at the anticipated costs.

Our ability to construct the currently contemplated generation and transmission assets, and any future generation, transmission or distribution assets in a timely manner and within budget is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, the ability of key suppliers, general contractors and subcontractors to timely satisfy their obligations under existing or future contracts and in compliance with the terms of such contracts, including the EPC Contracts and equipment supply contracts we have already entered into; the impact of new tariffs, if any, inflation and other trade or economic factors that may impact the cost of supplies and services; any other changes in the availability or costs of materials, equipment or commodities; changes in law or regulation, including environmental compliance requirements; the availability of and ability of our contractors to hire and retain qualified labor and the cost of such labor; delays caused by construction incidents or injuries, work stoppages, poor initial cost estimates and unforeseen engineering issues; the impact of public health emergencies or natural disasters or other severe weather events; capital market conditions, including the availability of credit and our ability to obtain financing on acceptable terms; charges allocated to us by MISO with respect to these assets; the impact of public involvement, intervention or litigation; and our ability to obtain any necessary land rights, easements and/or zoning approvals in a timely manner, or at all.

We are monitoring risks related to increasing delivery lead times for certain construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We continue to see increasing prices and limited availability associated with certain materials, equipment and products, which may impact our ability to complete major capital projects at the cost and timing that was planned and approved. To the extent that delays occur, costs increase, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our costs and timely complete our capital projects, if at all, our business operations, results of operations, cash flows, and financial condition may be adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights-of-way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, including as a result of public opposition to our existing or planned capital projects or due to new or increased federal, state or local requirements, we may not be able to construct or operate our facilities, we may be forced to incur

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additional costs, we may be forced to alter our capital project plans resulting in increased costs and/or delays or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion.

In addition, we are subject to the risk that we may construct or purchase certain projects to capture anticipated future growth (including in connection with potential data center customers), which may not materialize, and may cause the construction to occur over an extended period of time, in which case we may be unable to recover any or all amounts invested in such a project, or receive the anticipated increases in revenue and cash flows resulting from such projects until much later than expected, if at all.

**A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, and economic conditions impact customer demand.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity (which volatility is described in more detail in the below risk factor), whereby usage declines with increased costs which could affect our financial results. Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, demand and consumer confidence. Therefore, prevailing economic conditions affecting our customers may in turn affect demand and our financial results.

**Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.**

Our current electric generating depends on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions we operate in order to fully recover the commodity costs incurred in selling energy to our customers. While we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation and storage facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if capacity is inadequate or if supply is interrupted, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

**Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.**

We face increased competition for talent which may result in longer hire times or increased cost due to the competitive nature of certain positions.

We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of current skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment or other conditions, including those related to organizational changes as described in the risk factor below.

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Further, as part of our strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal-fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re-skill certain employees to support our long-term objectives. Additionally, successful implementation of our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee our progress.

A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in labor disruptions, strikes or significant negotiated wage or benefit increases. Although we maintain workforce continuity plans, our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Failure to attract, retain, or re-skill qualified employees, including the ability to transfer significant internal historical knowledge and expertise to new employees, could result in a loss of momentum, loss of high-level employees to our peers and could materially adversely affect our business, results of operations, cash flow and financial condition. If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory labor relations, safety, service reliability, and customer satisfaction, our results of operations could be adversely affected.

**If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.**

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes from our transformation initiatives put pressure on employees due to the volume and pace of change and, in some cases, the loss of personnel. Front-line workers are being impacted by the variety of process and technology changes that are currently in progress.

If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted.

**Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.**

We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long-term strategy or the interests of our other stockholders. Our response to suggested actions, proposals, director nominations and contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees, and be costly and time-consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third-party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

**We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.**

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We have seen, and may see in the future, slowing deliveries from suppliers and in some cases materials and labor shortages. In addition to delays and unavailability, at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry



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standards), interruption of service, accidents, or reputational harm, which could negatively impact our business, financial condition and results of operations. The nature of indirect supply chain, including a potential lack of control or certain visibility into sourcing by vendors, may also impact our ability to serve customers in a safe, reliable and cost-effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If delayed deliveries and shortages or any other difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers, or employees.

**A cyber-attack or security breach on any of our or certain third-party technology systems, including but not limited to information systems, infrastructure, software and hardware, upon which we rely may adversely affect our ability to operate, 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 technology 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 cybersecurity risks that all large corporations face (e.g., ransomware, 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 electric grid and natural gas infrastructure as well as sensitive and confidential customer and employee information. Deployment or adoption of new or emerging business technologies, including artificial intelligence, Internet of Things (IoT) devices, and cloud-based platforms, increased reliance on third-party vendors, cloud service providers and software supply chains, along with maintaining legacy technology, heightens our exposure to risks outside of our control and 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 electric grid and the natural gas infrastructure. Increasing large-scale corporate cyber-attacks in conjunction with more sophisticated threats continue to challenge utility companies. Additionally, international conflicts, as well as increased surveillance activity from global threat actors, has increased the likelihood of a cyber-attack or security breach on critical infrastructure systems.

Additionally, our information systems could experience sophisticated, cyber-attacks or security breaches by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such cyber-attacks or security breaches, our cybersecurity program does not prevent all breaches, cyber-attack or security breach incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, cybersecurity intrusions and attacks or security breaches to our information systems. To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted cyber-attacks or security breaches have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber-attack or security breach techniques, lack of cybersecurity hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non-compliance with cybersecurity controls can also result in a cybersecurity incident. We are aware of vendor cybersecurity incidents that have impacted our business, although no such events have had a material impact. Cyber-attacks or security breaches can occur at any point in the supply chain or with any suppliers, and future supplier non-compliance with cybersecurity controls could result in material cybersecurity incidents. In addition, we use unmanned aircraft systems (UAS) or drones in our business operations. UASs are also being used for malicious activities and the cybersecurity risk in connection with operating UASs is increasing.

In addition, we collect and retain personally identifiable information of our customers and employees. Customers and employees expect that we will adequately protect their personal information.

A cybersecurity breach of our information systems or operational technology, or a cybersecurity breach of the information systems of our customers, suppliers or others with whom we do business, could, among other things, (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

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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 and/or results of operations. Although we do maintain cybersecurity 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.

**Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and/or cash flows.**

The legal and regulatory environment surrounding cybersecurity and privacy is increasingly demanding. As cyber-attacks or security breaches are becoming more sophisticated, critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted. In November 2024, the TSA issued a Notice of Proposed Rulemaking (NPRM) that would mandate cyber risk management and reporting requirements for the pipeline industry. Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber-attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any failure to comply with government regulations or any failure in our cybersecurity protective measures may result in enforcement actions, all of which may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates.

**The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers.**

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a hurricane, tornado, wildfire, flood, or other major weather event, or terrorist attack, acts of war, international military invasions, including the political and economic disruption and uncertainty related to such terrorist attack, acts of war, or international military invasions, civil unrest, accident, public health emergency (e.g. pandemic), or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from tornadoes, hurricanes and remnants of hurricanes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, supply chain constraints could impact our ability to timely restore services. The occurrence of such events could materially adversely affect our business, financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. As a result, the amount and scope of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.

**We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.**

As a utility company, we are subject to adverse publicity focused on the actual or perceived reliability or affordability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or cybersecurity incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental practices or impacts, including our ability to meet the challenges posed by climate change and achieve our carbon emission reduction goals, as well as negative opinions regarding the appropriateness of such goals. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The foregoing may have adverse effects on our business, results of operations, cash flow and financial condition.

**The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.**

Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including temperature stresses to our electric and gas systems and equipment and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently

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provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers. As our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards, thereby increasing the frequency of weather impacts to overall electric reliability. Furthermore, in certain locations, our generation assets are geographically concentrated. Therefore, a localized weather or hazard impacting such a location could have a disproportionate cost and adverse effect on our ability to deliver certain products and services. Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us.

Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower-carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with economic considerations, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and regulations restricting, or imposing fees on, emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost-competitive option, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future.

We are unable to forecast the future of commodity markets. Some of our generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long-term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs, reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services.

Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could not only harm our reputation, but could adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, Maryland is considering policies related to the planning, practices, and future operations of natural gas suppliers in its state which could impact our business in the future.

**We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goal.**

In November 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the “Net Zero Goal”). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, of which, the impacts and costs are not currently fully understood. NIPSCO’s electric generation transition, which is outlined in the 2024 Plan, is a key element of the Net Zero Goal. Our analysis and plan for execution requires us to make a number of assumptions. These underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements; the ability to complete and implement generation alternatives to NIPSCO’s coal generation and retire NIPSCO’s coal facilities; the ability to implement our modernization plans

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for our natural gas pipelines and facilities, including construction of new pipelines and facilities; customer demand and capacity needs remaining in line with current expectations, including impacts from energy efficiency and technological innovation and adoption of alternative energy sources; the ability to effectively manage emissions associated with electric generation to serve growth and data center development; the ability to manage costs and supply chain risks associated with construction of electric and natural gas assets; technological innovation and costs of energy generation technologies such as wind, solar, nuclear thermal and energy storage, and of carbon abatement technologies such as carbon capture solutions; stakeholder support for these technologies; regulatory approval and the terms of such approvals; impacts of potential future environmental regulations or legislation, including potential GHG pricing regimes such as a carbon tax or methane fee; the price, availability and regulation of carbon offsets; and the price of natural gas and alternative fuels such as hydrogen. Any negative opinions with respect to these goals or our environmental practices, including our ability to meet the challenges posed by climate change and our ability to achieve our carbon emission reduction goals, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition.

**FINANCIAL, ECONOMIC AND MARKET RISKS**

**We have substantial indebtedness which could adversely affect our financial condition.**

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of \$16,213.5 million outstanding as of December 31, 2025. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, non-compliance with debt covenants could adversely affect our ability to obtain future borrowings. Any and all of the above could materially adversely affect our business, financial condition, results of operations, and liquidity.

In addition, we expect to incur significant additional indebtedness in order to construct the generation and transmission assets needed to serve ADS and any future data center customers. See “Data Center Operations and Strategy Risks—We will be required to obtain significant additional financing in order to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts. Such financing may not be available on favorable terms, if at all.” and “—Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.” for a discussion of certain risks relating to this anticipated additional indebtedness.

**A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.**

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our actual or perceived business risk (including increasing data center operations as compared to traditional utility operations), capital structure, earnings profile, liabilities, business strategy, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

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Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) drop below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2025, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$150.2 million. In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If our or certain of our subsidiaries’ credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of our indebtedness would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such increase may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower our share price and result in greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

**Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.**

Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on the issuance of long-term debt and equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. There may be external factors such as inflation, monetary policy or other market conditions which could impact our cost of borrowing and could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because NIPSCO’s current generating facilities partially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, investors may choose to sell or choose not to purchase our stock due to environmental, social and governance or sustainability concerns. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

We may face limits on our ability, or inability, to access credit and capital markets or may experience significant increases in the cost of capital, which could limit our ability to implement or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

**Most of our revenues are subject to regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Most of our revenues are subject to regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact our revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the regulators’ view as to the necessity of our expenditures, regulatory interpretations, customer intervention, economic conditions, the political environment and customer affordability. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services.

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**The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.**

The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These state regulatory commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC). Further, NIPSCO's and GenCo's operations under the ADS Contract will be, and under future data center contracts are expected to be, regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations. See "Data Center Operations and Strategy Risks" for a discussion of certain such risks.

Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing interests. Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudency reviews by regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings or changes to the related regulatory rules or processes could adversely affect our financial position, results of operations and cash flows.

There can be no assurance that regulators will approve the recovery of all operating and capital costs incurred by our electric and natural gas companies, including, but not limited to, costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cybersecurity laws and regulations. Further, we face regulatory challenges when our electric and gas companies seek regulatory recovery of increases to materials and other costs as a result of inflationary pressures, including accounting for inflationary pricing in plans and assumptions and ensuring there is a regulatory recovery model. There is debate among regulators and other stakeholders over how to transition to a decarbonized economy and prudency arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating or capital costs could have an adverse effect on our financial position, results of operations and cash flows.

Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs or operational requirements for our companies.

In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company's allowed ROE, as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments. These actions would have an adverse effect on our financial position, results of operations and cash flows.

For a discussion of the regulation of our operations related to serving data center customers and relationships with data center customers that are served by generation assets constructed by GenCo and related risks, see "Data Center Operations and Strategy Risks—The return structure and risk profile of ADS Contract and related development of the Contract Assets differ from those of NIPSCO's traditionally regulated utility operations. Any future data center contracts we enter into are expected to have a comparable structure and risk profile."

Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations, including the expected final ruling around leak detection and repair

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requirements could subject our gas utilities to higher operating costs and divert business resources from other activities in order to remain compliant. If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation.

Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows.

**Our business operations are subject to economic conditions in certain industries.**

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and other changes in consumer demand, including due to a preference for environmentally friendly products and practices. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs, government and societal pressure to decarbonization, and fluctuating demand for its products.

**We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.**

Our extension of credit is governed by a Corporate Credit Risk Management Policy, involves judgment by our employees and is based on an evaluation of customer, supplier, or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions impacting these credit risk exposures could result in an increase in defaults by customers, suppliers and counterparties. We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations, such risks could negatively impact our business, financial condition and cash flow.

**We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.**

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock, if any, is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

**Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.**

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which could fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefit plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expenses could negatively impact our results of operations and financial position.

**We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.**

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price

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or market capitalization below book value, indicate that the carrying value may not be recoverable and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, an impairment of goodwill would not be recoverable, in which case we may record a non-cash impairment charge, which could materially impact our results of operations and financial position.

A significant impairment charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility, which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

**The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.**

We are, or may be, involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, the most significant of which are summarized in, Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. While we maintain insurance, it may not cover all costs or expenses incurred relating to litigation. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

**Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies and a failure to comply with changes in, or new or different interpretations of, such laws, regulations, tariffs and policies could have an adverse impact on our business.**

Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new or different laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints, both direct and indirect, including but not limited to material or labor shortages, may challenge our ability to remain in compliance with these laws, regulations, tariffs and policies and operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

**Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.**

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, leak detection and repair, GHG and waste products such as CCR. Compliance with these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage.

Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities.



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An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we have set a Net Zero Goal and continue to execute our plan to reduce our GHG emissions by the increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, GHG emissions are anticipated to be associated with energy delivery for many years. Future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and may promulgate additional regulations concerning the management, storage, use and disposal of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage.

We have a pending application with the EPA to continue operation of a CCR impoundment that is tied to operation of R.M. Schahfer Generating Station Units 17 and 18, which are operating under a 202(c) order. The EPA has proposed a rule that would extend the deadline to close this CCR impoundment from 2028 to 2031. In the event that approval of this application is not obtained, or the rule is not finalized and implemented, future operations could be impacted, as well as NIPSCO's ability to comply with certain EPA requirements.

The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of remediation or improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes or increases in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

**Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.**

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted or interpreted by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than \$1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. Our NIPSCO subsidiary's renewable portfolio is eligible for tax credits associated with the investment in renewable generation assets and production of power from those assets. Statutory changes, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

**DATA CENTER OPERATIONS AND STRATEGY RISKS**

**Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.**

As we continue to evaluate new business opportunities presented by the data center development in our territories, including a focus on northern Indiana, we face a variety of challenges including accurately predicting future power needs of data centers due to rapidly changing technology and market dynamics, managing the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, financing the capital investment needed to build and maintain the necessary infrastructure to support data center development, obtaining permitting and siting approval for necessary infrastructure (which may encounter significant local opposition), managing the possible environmental impact of the potential increased power demand while remaining focused on our Net Zero Goal, and evaluating and complying with evolving regulations related to data center development. In addition, our ADS Contract requires us to invest significant capital to develop generation sources and transmission capabilities before we receive the full return on the capital invested, and it is likely that any future data center contracts we enter into similarly will require significant investment before receiving returns. In addition, we face challenges in predicting the demand of potential data center customers in our service territories. It is possible that we may overestimate such demand, causing us to invest in generation and transmission assets in excess of those needed to serve data center customers. If we are not able to utilize such assets to serve other customers, this could negatively affect our

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reputation, cash flows, financial position and/or results of operations. We also may underestimate the potential demand of data center customers, in which case we may not be able to develop necessary generation and transmission assets within a timeframe that is acceptable to potential customers, resulting in the loss of potentially profitable opportunities. We must effectively manage these financial, operational and regulatory risks.

**Our construction of the Contract Assets and any generation or transmission assets we develop to support future data center contracts involves significant risks. Construction delays, cost overruns or performance issues with the Contract Assets could reduce our returns under the ADS Contract or other future data center contracts and could require us to obtain additional financing.**

In connection with the ADS Contract and any future data center contracts, we expect to construct significant generation and transmission assets. Our ability to construct such assets in a timely manner and within budget is contingent upon many variables and subject to substantial risks. See “Operational Risks— Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies” for additional information. Our return under the ADS Contract will be, and our return under future data center contracts is expected to be, affected by our ability to construct, develop and place into service these assets on time or at all and consistent with initial cost estimates, as well as the performance of these assets once constructed and placed into service.

Under the ADS Contract, if the Contract Assets are delivered into service late or do not achieve certain other performance-related milestones, ADS is entitled to liquidated damages, which would be offset against NIPSCO’s billings to ADS and reduce the rate of return earned under the ADS Contract. In addition, our actual costs to construct the Contract Assets may exceed the budget contemplated by the ADS Contract, which could result from delays in construction or from other factors. Any such cost overruns will need to be funded initially by us, either through our cash flows from operating activities or additional debt or equity financing. Although our EPC contracts provide certain protections against cost overruns under those contracts, and any excess costs not recoverable through the EPC contracts are to be shared by us and ADS, any recoveries from our EPC contractors and/or ADS would occur over an extended period of time. The need for us to fund these expenses in the first instance may reduce our ability to use our operating cash flows for other purposes or may require us to obtain additional debt or equity financing, which may not be available on favorable terms or at all. These costs, if incurred, could negatively impact our return under the ADS Contract or adversely affect our future results and financial condition. In addition, we expect that construction delays, performance shortfalls or cost overruns in connection with construction of generation and transmission assets supporting any future data center contracts could similarly have a negative effect on our return under such contracts and our financial condition.

**We will be required to obtain significant additional financing in order to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts. Such financing may not be available on favorable terms, if at all.**

In order to finance the construction of the Contract Assets, as well as any generation and transmission assets we develop to support future data center contracts, we expect to incur significant additional long-term debt and issue additional equity in NiSource, in addition to the financing we otherwise would seek to support investments in our existing businesses and refinance existing indebtedness. The NIPSCO Holdings II LLC Agreement and Generation Holdings II LLC Agreement will allow for additional capital contributions from affiliates of Blackstone to NIPSCO Holdings II and Generation Holdings II in connection with such Blackstone affiliates’ minority interest investments in those entities. In addition, we may consider other funding sources, structures, or partnerships such as JVs or off-balance sheet arrangements such as BTAs, as market conditions and strategic considerations evolve, or as may be necessary to support maintenance of our investment grade credit ratings. The amount of additional long-term debt or NiSource equity needed to support construction of the Contract Assets and any generation and transmission assets to support future data center contracts could increase, potentially significantly, from our current expectations if we experience construction delays or cost overruns.

External factors such as inflation, monetary policy or other market conditions could impact our cost of borrowing and could make it more difficult to obtain the financing that is required to construct the Contract Assets and any generation and transmission assets we develop to support future data center contracts on favorable terms, or at all. The issuance of additional debt could negatively impact our credit ratings and overall cost of capital, which could in turn adversely affect our future results and liquidity. In addition, an economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, or a change in investor sentiment toward us or the utilities industry or the cloud-computing, artificial intelligence and data center industry generally could adversely affect our ability to raise the necessary capital. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could jeopardize our

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ability to complete construction of the Contract Assets or any generation and transmission assets we develop to support future data center contracts on-time and within budget, and could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

**Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.**

We expect to incur significant indebtedness to fund our construction of the Contract Assets. Doing so will reduce our ability to incur further indebtedness to pursue other strategic opportunities, such as partnerships with other large data center customers or strategic mergers and acquisitions, while at the same time maintaining our investment grade credit ratings, which may require us to rely to a greater degree on equity financing in connection with future data center contracts and also may increase our reliance on equity financing for future investments in our existing traditionally regulated utility business, each of which could lead to substantial dilution of our existing shareholders. In addition, our credit rating agencies consider the percentage of our business comprised of traditionally regulated utility operations in their analysis of our credit quality.

In addition to these factors relating to our financing and credit ratings, our partnership with ADS is expected to employ a significant amount of our existing excess transmission infrastructure, which will limit our ability to use these assets for other opportunities, including additional data center opportunities. Furthermore, effectively overseeing the construction and financing of the Contract Assets will require significant time and attention of our management, which could detract from their oversight of our existing business and ability to pursue other strategic opportunities.

**The return structure and risk profile of ADS Contract and any future data center contract will differ from those of NIPSCO's traditionally regulated utility operations.**

NIPSCO's and GenCo's operations under the ADS Contract will be, and under future data center contracts are expected to be, regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations, which affects the manner in which we recover our investment costs and earn a return on our investment. NIPSCO's electric utility rates historically have been determined and approved in regulatory proceedings with the IURC based on an analysis of NIPSCO's costs to provide utility service and a return on, and recovery of, NIPSCO's investment in the utility business. Through the IURC rate-making process, retail rates may be adjusted over time, and NIPSCO may request additional revenue, in order to cover ongoing costs and investment and earn an adequate return.

In contrast, the terms of the ADS Contract were, and the terms of any future contracts with other data center customers are expected to be, determined through commercial negotiations. In the case of the ADS Contract, these terms include the charges that we receive from ADS, which are designed to allow us to recover the costs that we incur to construct and operate the Contract Assets and earn a return, and provisions that may result in adjustments to those charges such as, among other factors, those relating to certain liquidated damages that we may owe ADS in the event of construction delays or capacity shortfalls and the parties' responsibility to share cost overruns, among other provisions. The terms of any future data center contracts we enter into may differ from the terms of the ADS Contract. For example, customer demand may not be served through designated assets and may contemplate that capacity will be procured via PPAs with third parties. However, the terms of any future data center contracts (including the charges we receive from customers and any potential adjustments to such charges) will inform our ability to recover our investments and earn a return. These terms of the ADS Contract do not, and the terms of any future data center contract are not expected to, guarantee a specific overall rate of return, and the overall return we earn under the ADS Contract or any future data center contracts may ultimately be lower than that of NIPSCO's traditional utility operations. The IURC will not determine the commercial terms of the ADS Contract and is not expected to determine the commercial terms of any future data center contracts; however, the IURC is expected to maintain oversight under the ADS Contract and any future data center contracts to ensure NIPSCO provides reliable service to ADS and any future data center customers at just and reasonable rates. In order to recover our investment costs and earn our return under the ADS Contract and any future data center contracts, our subsidiaries must efficiently perform their own obligations and must look to ADS or future customers (or, if applicable, any parent guarantor) to perform its obligations, rather than the IURC making use of its traditional rate-making process. In addition, under the ADS Contract, NIPSCO has direct contractual obligations to the ADS to, among other things, construct the Contract Assets and deliver committed electric capacity in fixed amounts by certain dates. We expect our subsidiaries to have comparable contractual obligations to customers in connection with any future data center contracts. If disputes arise with data center customers, including ADS, regarding provisions of a data center contract, including the ADS Contract, or payments to be made or actions to be taken thereunder, we may be significantly disadvantaged as a result of, among other factors, the significance of such contracts to us and the greater resources (financial and otherwise) available to the relevant customer. Any dispute or litigation with a data center customer, including ADS, could create significant demands on the attention of management and result in significant costs to us.

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In addition, the IURC, through its review and approval of the ADS Contract and any future data center contracts, and the related PPAs between NIPSCO and GenCo, will have ultimate authority over the implementation of these agreements. In this context, we will need to continuously assess the applicability of ASC Topic 980 over the life of the ADS Contract and other data center contracts. It is possible that significant construction overruns, capacity shortfalls or other events that could result in NIPSCO or GenCo owing liquidated damages under the ADS Contract or any future data center contract could either preclude ongoing application of ASC Topic 980 or result in an immediate disallowance and impairment of the Contract Assets, or, if applicable, and any generation and transmission assets we develop to support future data center contracts. In addition, early termination of the ADS Contract or any future data center contract, as applicable, could result in such impairment and discontinuation of application of ASC Topic 980 with respect to the assets being constructed to serve the applicable data center contract, unless such assets can be used to support new or existing customers. If we incur significant costs that we are not able to recover from ADS or future data center customers (for example, greater than expected purchases of market capacity or operations and maintenance costs significantly exceeding those contemplated by the ADS Contract or any future data center contract), this also could discontinue the application of ASC Topic 980 to the ADS Contract and the Contract Assets, or other applicable data center contract and related assets.

**Our partnership with ADS exposes us to significant customer concentration risk.**

ADS will be a significant customer of our electric utility operations. For example, the generating capacity of the Contract Assets, when fully delivered into service, is expected to be approximately equivalent to the generating capacity of all NIPSCO's existing generating assets. However, ADS has the right to terminate the ADS Contract for convenience following certain notice periods. If ADS terminates or defaults under the ADS Contract or elects not to renew the ADS Contract after the initial term, we may not be able to replace ADS' demand or otherwise fully utilize the assets constructed in connection with the ADS Contract. We also may not receive the same level of return with respect to any alternative use.

In addition, ADS has a one-time option (exercisable no later than March 31, 2029) to halve committed capacity under the ADS Contract to 1,200 MW commencing January 31, 2032. If ADS elects to reduce the committed capacity under the ADS Contract or to terminate the ADS Contract during its initial term, we will not receive the full earnings we expect to receive over the life of the ADS Contract. Although the ADS Contract provides for reimbursement for our investment in the Contract Assets and related expenses in the event of a reduction in the committed capacity or early termination, the amount of any reimbursement is capped under the ADS Contract, with the amount of the caps being based on cost estimates determined as of signing. Furthermore, our ability to collect any reimbursable amounts will depend upon the willingness and ability of ADS or its parent guarantor to satisfy their payment obligations under the ADS Contract and related guarantee. Accordingly, we may not be able to recover our full investment, which may adversely affect our future results and financial condition.

Any of the above outcomes could adversely affect our future results, financial conditions and results of operations. Termination of the ADS Contract during its initial term or exercise by ADS of its one-time option to reduce capacity also may cause us reputational harm, which could, among other things, negatively affect our ability to source and execute contracts with additional data center customers.

Although we anticipate expanding our base of data center customers, we expect the total number of data center customers we serve to remain relatively small by comparison to our current customer base. Any future data center contracts our subsidiaries enter into may contain termination and/or capacity reduction provisions and related reimbursement comparable to the ADS Contract, exposing us to risks comparable to those described above (the significance of which will be affected by the relative size of any such contract and the costs we incur to develop resources supporting such contract). The concentration of business with a small number of customers in an industry based on emerging technologies, including artificial intelligence and machine learning, presents several risks for us. Our data center customers' technologies and their related business applications have developed rapidly in recent years and continue to develop. We cannot predict the rate at which or the extent to which these emerging technologies will be broadly adopted and successful as business models. Additionally, these customers may experience business downturn, which may cause the loss of these customers or may weaken their financial condition. Similarly, customers may reduce their investment in these new technologies or abandon them entirely.

Many factors, including those outside our and our data center customers' control, could cause our data center customers to terminate their data center contracts or exercise any applicable options to reduce capacity. These factors also could contribute to an overall lessening of demand from data center customers. Such factors include, for example: (i) construction delays, cost overruns or capacity shortfalls that occur in connection with our construction of the generation and transmission assets we plan to construct to serve our data center customers, (ii) similar problems that our data center customers may encounter in

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**ITEM 1A. RISK FACTORS**

connection with constructing their data centers, (iii) any decrease or lessening of current cloud-computing or artificial intelligence demand trends or a change in the current supportive legal and regulatory environment (in Northern Indiana or elsewhere) with respect to cloud-computing or artificial intelligence, as well as other factors such as environmental concerns (for example, relating to the sourcing of natural gas to power data centers or supplying water from local resources to cool data centers), which could negatively impact the demand for data centers, (iv) technological or other advances impacting the design and operation of data centers, which could reduce the amount of electricity needed to power data centers, potentially significantly, (v) competing energy technologies could become a preferred source of energy for powering data centers, (vi) any business downturns or weakening financial condition that our data center customers may experience and (vii) any decision by our data center customers to reduce their investment in these new technologies or abandon them entirely.

In addition, as a result of the ADS Contract, and any further agreements we may sign with data center companies, our stock price may experience increased volatility as a result of factors outside our control. For example, our stock price may be negatively affected as a result of any actual or perceived slowdown in the adoption of artificial intelligence technology, the regulation or proposed regulation of such technology, or actual or perceived changes in the strategic or financial position of our data center customers. The trading prices for shares of stock in a number of U.S. public companies operating or serving data centers have recently experienced significant volatility.

NiSource Inc.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We have implemented and maintain a comprehensive cybersecurity program that includes a variety of security controls and measures designed to identify, assess, and manage material cybersecurity risks. The program is a part of our enterprise risk management strategy. The enterprise risk team and the Risk Management Committee review material risks to any NiSource operating company based on perspectives from external experts, peer surveys, and the potential impact to our enterprise assets and strategic objectives.

Risk events are classified based on both the timing of impact and NiSource's ability to preventatively mitigate the risk. For the cybersecurity risks that can be preventively mitigated, the enterprise risk team gathers quarterly updates on mitigation gap closure from risk owners. The Risk Management Committee reviews any mitigation gaps identified by risk owners and approves or rejects the pace of mitigation activities as a statement of risk tolerance and then directs that mitigation activities be included in budgets and the business plan as appropriate.

Our cybersecurity program includes the following key components:

**Risk assessment.** We regularly assess our cybersecurity risks to identify and prioritize the most significant threats. The risk assessment process considers a variety of factors, including those specific to the utility/energy industry, the types of data we collect and store, and the threats posed by known vulnerabilities. We engage third parties to perform independent assessments of our cybersecurity program, provide intelligence about the threat environment, and to provide operational assistance in managing the program. Annually, a third-party independent assessment is performed to evaluate our cybersecurity maturity against a framework of cybersecurity controls. We also perform bi-annual penetration testing and social engineering assessments performed by a third-party.

**Third-party risk management.** We perform cyber assessments periodically on all third-party vendors and service providers with whom we share data, rely on for critical business functions, or provide access to our network or systems. Our Supply Chain function works with the Legal and Cyber functions to periodically update cybersecurity contractual provisions in its vendor agreements, with deviations from such provisions requiring approval from the Legal and Cyber functions. Our Supplier Code of Business Conduct requires, among other things, that suppliers ensure safe and secure use of information assets, comply with applicable law relating to personal information, and adhering to standards relative to the use and protection of our information, including that of our employees, customers, vendors and other stakeholders. In addition, all vendors and contractors that have access and/or connectivity to our environment must complete cybersecurity training annually.

**Security controls.** We have implemented a variety of security controls to mitigate cybersecurity risks. These controls include technical controls, such as firewalls and intrusion detection systems, as well as administrative controls, such as employee training and security awareness programs. To ensure cybersecurity controls, our operational technology within the electric business adheres to the NERC CIP. Within the natural gas business, cybersecurity controls are managed and monitored based on the TSA Security Directives.

**Incident response.** We have a comprehensive incident response plan in place to respond to cybersecurity incidents. The plan includes steps for detection, analysis, containment, eradication, and recovery from incidents, as well as steps for notifying affected individuals and regulators.

The Audit Committee of our Board has responsibility for oversight of the cybersecurity program and risks from cybersecurity threats. The Audit Committee regularly reviews our cybersecurity posture. The CISO briefs the Audit Committee on cybersecurity risks and risk mitigation initiatives and actions. In addition, the Board remains informed of key and emerging cybersecurity risks and receives updates by the Audit Committee after each of its regularly scheduled meetings.

At the management level, the CISO leads the cybersecurity program and is responsible for assessing and managing cybersecurity risks. Our CISO has expertise and experience in cybersecurity derived from over 15 years of cyber related work experience and possesses several certifications including CISSP, CRISC, and CISA. The CISO is supported by the NiSource Enterprise Security team which performs the cybersecurity function and engages directly on the prevention, detection, mitigation, and remediation of cybersecurity incidents.

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As of the date of filing this Annual Report on Form 10-K, we are not aware of any material cybersecurity incidents during the past year. We monitor the increasing sophistication of cybersecurity threats and continue to allocate resources to enhance our cybersecurity program to protect its information systems and assets. No cybersecurity program is effective to identify and mitigate all threats and we cannot guarantee that we will be able to prevent all cybersecurity incidents. Such an incident could interrupt our normal operations and require us to incur significant costs to remediate any such incident and could have a material impact on our businesses, operations and financial condition. For more information regarding the risks associated with cybersecurity, refer to "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

**ITEM 2. PROPERTIES**

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2025.

**Columbia Operations**

Refer to Item 1, "Business - Columbia Operations," of this report for further information on Columbia Operations properties.

**NIPSCO Operations**

Refer to Item 1, "Business - NIPSCO Operations," of this report for further information on NIPSCO Operations properties.

**Corporate and Other Operations**

We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

**Character of Ownership**

Our principal properties and our subsidiaries' principal properties are free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in the various communities we serve are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

**ITEM 3. LEGAL PROCEEDINGS**

For a description of our legal proceedings, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

NiSource Inc.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

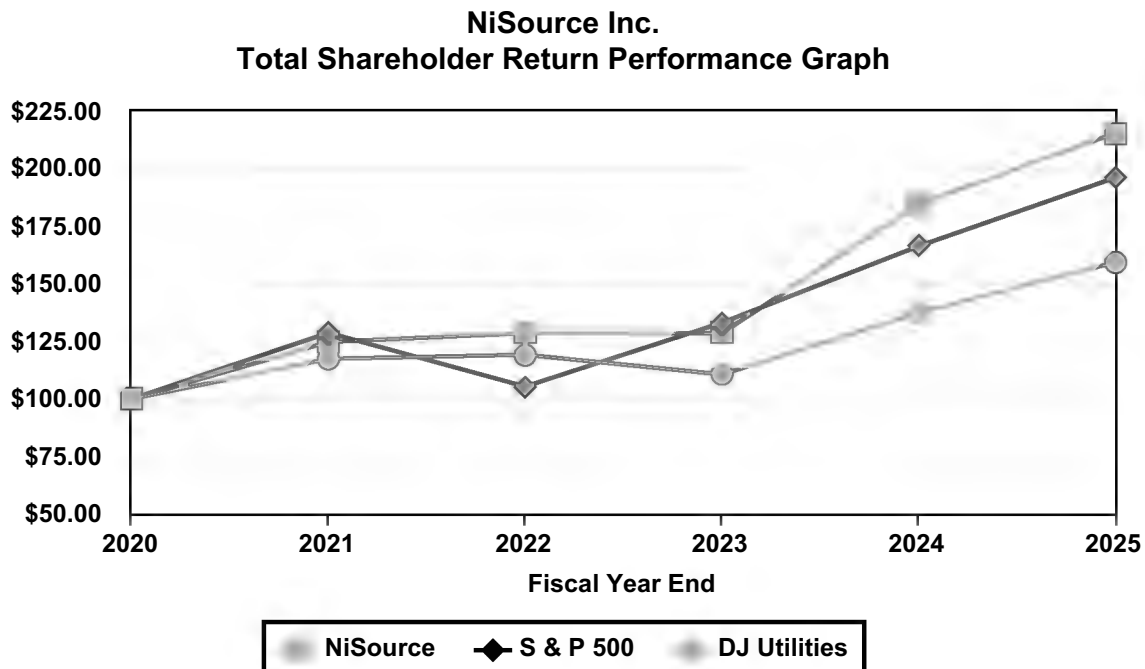
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by the Board out of funds legally available. There is no preferred stock outstanding as of December 31, 2025. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 22, 2026 meeting, the Board declared a quarterly common dividend of \$0.300 per share, payable on February 20, 2026 to holders of record on February 3, 2026.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 4, 2026 NiSource had 14,211 common stockholders of record and 478,533,171 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the period commencing December 31, 2020 and ending December 31, 2025 with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices.



The foregoing performance graph is being furnished as part of this Annual Report on Form 10-K solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of \$100 and assumes dividend reinvestment.

**Purchases of Equity Securities by Issuer and Affiliated Purchasers.** For the three months ended December 31, 2025, no equity securities that are registered by NiSource Inc. pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our affiliated purchasers.

### ITEM 6. RESERVED

Not applicable.



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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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**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" and Item 1A, "Risk Factors" at the beginning of this report for a list of factors that may cause results to differ materially. Refer to the "Business" section under Part I, Item 1 of this Annual Report on Form 10-K and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for further discussion of our regulated utility business segments.

This Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose primary 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: Columbia Operations and NIPSCO Operations.

Our vision is to be a premier, innovative and trusted energy partner. We exist to deliver safe, reliable energy that drives value to our customers. In order to achieve this goal, we seek to develop strategies that benefit all stakeholders as we (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures and regulatory programs with our cost structure, and (iii) create value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer value and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our focus. Serving as a guiding practice for our SMS, NiSource is certified in conformance to the American Petroleum Institute Recommended Practice 1173, which is the foundation to our journey towards operational excellence.

**2025 Overview:**

In 2025, we continued to make significant progress on the remaining portfolio of projects that will enable our electric generation transition, including placing two solar projects and one solar and battery project into service. We advanced our Data Center strategy significantly by creating our GenCo affiliate, whose goal is to build capacity to serve large load customers. We also executed the ADS Contract and related EPC contracts discussed below. During the year, we received orders for four rate cases: Columbia of Maryland, Columbia of Pennsylvania, Columbia of Virginia, and NIPSCO Electric. Between our Columbia and NIPSCO Operating Segments, we added 24,000 customers. We also invested \$1.6 billion in infrastructure modernization to enhance safe, reliable service, including replacement of 256 miles of distribution main and service lines, 45 miles of underground cable and 1,656 electric poles. We concluded the second and third phases of a WAM ERP program, covering all gas distribution operations across our operating territories and our generation assets, to optimize the scheduling, dispatch, and execution of our field operations.

**ADS Contract and Data Center Strategy:**

*ADS Contract*

In September 2025, NIPSCO entered into an agreement with ADS, a wholly-owned subsidiary of Amazon.com, Inc., under which NIPSCO will provide electricity to ADS' data centers. Under the ADS Contract, which is pending IURC approval, NIPSCO will provide electric service to ADS pursuant to a capacity commitment beginning in 2027 and increasing annually to

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

2,400 MW by the end of 2032 and will construct up to 3,000 MW of dispatchable generation to provide such electric service. The ADS Contract's initial term ends 15 years after the initial energization of ADS' initial data center. Starting January 2027, ADS will regularly pay NIPSCO a fixed capacity charge and certain pass-through charges. Amazon.com, Inc. a publicly traded, investment-grade parent company has guaranteed ADS' payment obligations. These charges are structured to provide us with a return of our invested capital over the fifteen-year initial term. In addition, the ADS Contract contains provisions for adjustment of the charges designed to provide us with an unlevered internal rate of return on our invested capital over the initial term within a defined range, which we expect over the life of the ADS contract to result in an overall realized return greater than that of NIPSCO's current electric operations, driven by execution and financing. Our realized return may be impacted by factors such as construction costs, operating performance, financing costs and other variables. NIPSCO will also propose to the IURC a mechanism to pass savings back to retail customers for use of the existing system which is expected to begin in 2027. Refer to Part I, Item 1A, "Risk Factors" for a discussion of certain of these factors and other risks relating to the ADS Contract.

In order to meet demand under the ADS Contract, NIPSCO has entered into a PPA with GenCo, which is pending IURC approval and contains terms and provisions substantially similar to the ADS Contract, such that economic benefits (except savings that are expected to be passed to retail customers as described above) and obligations of the ADS Contract as they relate to the Generation Assets (as defined below) are expected to be borne by GenCo and NiSource, as GenCo's ultimate parent company, rather than NIPSCO.

GenCo plans to construct 400 MW of new battery storage and a new power generation facility consisting of two 1,300 MW CCGTs, which are expected to reach commercial operation between 2028 and 2032 (such assets, collectively, the "Generation Assets"). NIPSCO currently has a proceeding before the IURC to approve the generation facilities required to be built for ADS. GenCo has entered into engineering, procurement and construction contracts (the "EPC Contracts"), and certain equipment supply contracts, including a contract to acquire turbines, with respect to the construction of the Generation Assets. The aggregate cost of the Generation Assets, together with the cost to develop related transmission infrastructure (collectively, the "Contract Assets"), is currently estimated to be approximately \$7 billion. The EPC Contracts provide certain protections against cost overruns, and any excess costs with respect to the EPC Contracts beyond those protections, or arising apart from the EPC Contracts are, unless otherwise agreed by the parties, shared by ADS and NIPSCO (for transmission) and GenCo (for generation). If the Contract Assets are delivered into service late or do not achieve certain performance-related milestones, ADS is entitled to liquidated damages, subject to a cap and offset against the regular charges paid by ADS.

Either party may terminate the ADS Contract upon certain defaults or failure to obtain necessary related approvals from the IURC and FERC. ADS may terminate the ADS Contract for convenience following certain notice periods and also has a one-time option (exercisable no later than March 31, 2029) to halve the committed capacity under the ADS Contract to 1,200 MW commencing January 31, 2032. If ADS terminates for convenience, exercises its reduction option or defaults, NIPSCO or its affiliates will be reimbursed for investment costs, subject to agreed caps based on cost estimates by year as of signing. NIPSCO's aggregate liability, including liquidated damages, is subject to a cap.

NIPSCO's and GenCo's operations under the ADS Contract will be regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations. The terms of the ADS Contract were determined by commercial negotiation with ADS. These terms include the charges we receive from ADS and provisions that may result in adjustments to such charges, including those relating to certain liquidated damages that we may owe ADS in the event of construction delays or capacity shortfalls, the parties' responsibility to share cost overruns, certain changes in law and force majeure events. The IURC will not determine the commercial terms of the ADS Contract; however, the IURC will maintain oversight under the ADS Contract to ensure NIPSCO provides reliable service to ADS at just and reasonable rates. In order to recover our investment costs and earn our return under the ADS Contract, our subsidiaries must efficiently perform their own obligations and must look to ADS (or its parent guarantor) to perform its obligations, rather than the IURC making use of its traditional rate-making process. In addition, under the ADS Contract, NIPSCO has direct contractual obligations to ADS to, among other things, construct the Contract Assets and deliver committed electric capacity in fixed amounts by certain dates.

The terms of any future data center contracts we enter into may differ from the terms of the ADS Contract. For example, customer demand may not be served through designated assets and may contemplate that capacity will be procured via PPAs with third parties. However, the terms of any future data center contracts (including the charges we receive from customers and any potential adjustments to such charges) will inform our ability to recover our investments and earn a return. Similar to the ADS Contract, any additional data center contracts will be subject to IURC approval and oversight authority, but the IURC will not determine the commercial terms.

*Data Center Strategy*

We continue to experience strong demand from potential data center customers in our northern Indiana service territory and are engaged in negotiations with potential counterparties. Through certain of our subsidiaries, we have entered into certain

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

construction and equipment supply contracts in relation to additional generation and transmission assets that may be used to serve potential future data center customers. As we continue to evaluate our potential data center opportunities, we will continue to focus on the community, financial, operational and regulatory factors that must be managed effectively in order to succeed with our data center strategy. We believe data center development can enhance our local tax base, diversify the employment base across the state of Indiana, and provide greater value to existing customers and shareholders. We continually evaluate ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential further load growth from additional data center customers, while at the same time focusing on our environmental goals.

In order to perform under any further data center contracts, we expect that we would need to develop additional generation and transmission assets, which may be significant, and obtain additional financing in connection with such development. For these and other reasons, our ability to successfully execute our data center strategy is subject to a number of risks and uncertainties. Refer to Part I, Item 1A, "Risk Factors" for a discussion of certain risks relating to our data center strategy.

**Energy Transition:**

We continue to advance our energy transition strategy, primarily through the continuation and enhancement of existing programs, such as implementing our plan to retire and replace remaining coal-fired electric generation by 2028 with a balanced mix of low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak detection and repair. We continue to make progress on our electric generation transition, initiated through our 2018 Integrated Resource Plan ("2018 Plan"), and we are continually adjusting to the dynamic energy landscape. As of December 31, 2025, we have placed in service owned renewable and storage projects with combined nameplate capacities of 1,950 MW and 101 MW respectively. Renewable PPA projects with a combined nameplate capacity of 1,200 MW have also been placed in service. For additional information, see Note 14, "Other Commitments and Contingencies - D. Other Matters". In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions and authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). For additional information, see "Results and Discussion of Operations - NIPSCO Operations," in this Management's Discussion, and see Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

NIPSCO's 2021 Plan calls for a new natural gas peaking facility to replace existing vintage gas peaking facilities at the R.M. Schahfer Generating Station to support system reliability and resiliency, and upgrades to the electric transmission system. Following approval by the IURC in October 2024, the construction of a new 400 MW natural gas peaking generation facility is underway, which is expected to support the planned retirement of the existing vintage gas peaking facilities by the end of 2028. The 2021 Plan affirms Michigan City 2028 retirement and calls for new natural gas peaking facilities. Final retirement dates for these units will be subject to MISO approval.

NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC on December 9, 2024. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporates factors such as anticipated load growth from data centers and other economic development opportunities, EPA emissions rules, and evolving MISO resource accreditation rules. Given that the 90-day 202(c) order could continue to be issued every 90 days to keep Schahfer Units 17 & 18 open for the foreseeable future, and given that MISO's resource accreditations for renewables and storage remain uncertain, it may be necessary to evaluate changes to our previously communicated resource timelines and alternative resource decisions. We plan to move as efficiently as possible while maintaining the integrity of our commercial, planning, regulatory, procurement and operational execution processes.

We continue to enhance safety and reduce methane emissions on our gas systems through modernization programs and utilization of advanced leak detection and repair. In addition, we plan to advance other low- or zero-emission energy resources and technologies, such as hydrogen and renewable natural gas.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Transformation:**

We are modernizing and unlocking efficiencies within our systems and processes on operational excellence, safety, operation and maintenance management. These efforts include investments in proven technologies backed with standardized processes that will change the way we plan, schedule, and execute work in the field and how we engage and provide service to our customers. We delivered the first major milestones of our transformation roadmap through the implementation of phases of our WAM ERP program, foundational AMI capabilities, and completion of certain cyber enhancements to continue to advance the cybersecurity program. Our WAM ERP program has been implemented across our electric and transmission operations, all gas distribution operations and our generation assets. This ERP system standardizes processes around the design and build of our assets as well as optimizes the scheduling, dispatch, and execution of our field operations. We continue to focus on our customer technology platforms. In addition to transforming technology to enhance our employee and customer experiences, we believe these programs will modernize systems and further reduce our enterprise risk related to end-of-life systems.

**Economic Environment:**

We continue to monitor risks related to order and delivery lead times for construction and other materials, potential unavailability of materials due to global shortages in raw materials, and decreased construction labor productivity in the event of disruptions in the availability of materials. We continue to experience elevated material and supply costs in certain product sourcing categories driven by increased demand and tariffs. To the extent that work plan delays occur or our costs increase, our business operations, results of operations, cash flows, and financial condition could be materially adversely affected. Refer to Part I, Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K for further detail.

We are faced with increased competition for employee and contractor talent in the current labor market which has resulted in increased costs to attract and retain talent. We are ensuring that we use all internal human capital programs (development, leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal for potential recruits. Our flexible work arrangements, where possible, support a broader talent footprint for sourcing talent needed and for remaining competitive.

We continue to evaluate our financing plan to manage interest expense and exposure to rates. For more information on interest rate risk, see "Market Risk Disclosures" and Part I, Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K.

**NIPSCO Minority Interest Transaction:**

In December 2023, contemporaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II, and NiSource entered into an Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II. In January 2024, BIP transferred its equity interest to one of its affiliates and the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II. In October 2025, the members of NIPSCO Holdings II entered into a Third Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"), which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by the members affiliated with Blackstone by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries. The members of NIPSCO Holdings II that are affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transaction.

**GenCo Minority Equity Interest Transaction:**

In October 2025, NiSource issued a 19.9% equity interest in NiSource's wholly-owned subsidiary Generation Holdings II to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million in cash contributions to Generation Holdings II through an Amended and Restated Limited Liability Company Agreement of Generation Holdings II (the Generation Holdings II "LLC Agreement"). Generation Holdings II is the sole owner of GenCo.

The Generation Holdings II LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Generation Holdings II. Specifically,

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

under the terms of the Generation Holdings II LLC Agreement, Blackstone Investor will provide up to \$1.325 billion in additional capital contributions over a seven-year period, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof. Under the Generation Holdings II LLC Agreement, Blackstone Investor is entitled to appoint two directors to the board of directors of Generation Holdings II (the "Holdings II Board") so long as Blackstone Investor (together with any approved affiliate) holds at least a 17.5% Percentage Interest (as defined in the Generation Holdings II LLC Agreement). Blackstone Investor appointed two directors to the Holdings II Board, such that the Holdings II Board is comprised of seven directors, two appointed by Blackstone Investor and five appointed by NiSource. The Generation Holdings II LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone Investor approval for Generation Holdings II to take certain major actions outside of the normal course of business. In addition, the Generation Holdings II LLC Agreement contains certain terms surrounding transfer rights and other obligations applicable to both Blackstone Investor and NiSource. Under the Generation Holdings II LLC Agreement, Generation Holdings II has agreed that, so long as Blackstone Investor holds a 14.9% or greater percentage interest in Generation Holdings II, Generation Holdings II, NIPSCO Holdings II (as defined below) and/or their respective subsidiaries will be the exclusive vehicles for all power, storage and generation requirements for data center customers within NIPSCO's service territory. The Generation Holdings II LLC Agreement also establishes that NiSource will be attributed 80.1% of any profit or loss from Generation Holdings II, through its wholly owned subsidiary GenCo, with the Blackstone Investor being attributed the remaining 19.9% of any profit or loss.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Summary of Consolidated Financial Results**

A summary of our consolidated financial results for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31,<br>(in millions, except per share amounts) | Favorable (Unfavorable) |                   |                   |                   |                  |
|--------------------------------------------------------------------|-------------------------|-------------------|-------------------|-------------------|------------------|
|                                                                    | 2025                    | 2024              | 2023              | 2025 vs. 2024     | 2024 vs. 2023    |
| <b>Operating Revenues</b>                                          | <b>\$ 6,642.2</b>       | <b>\$ 5,455.1</b> | <b>\$ 5,505.4</b> | <b>\$ 1,187.1</b> | <b>\$ (50.3)</b> |
| <b>Operating Expenses</b>                                          |                         |                   |                   |                   |                  |
| Cost of energy                                                     | 1,584.4                 | 1,132.2           | 1,533.3           | (452.2)           | 401.1            |
| Other Operating Expenses                                           | 3,222.5                 | 2,867.4           | 2,676.6           | (355.1)           | (190.8)          |
| <b>Total Operating Expenses</b>                                    | <b>4,806.9</b>          | <b>3,999.6</b>    | <b>4,209.9</b>    | <b>(807.3)</b>    | <b>210.3</b>     |
| <b>Operating Income</b>                                            | <b>1,835.3</b>          | <b>1,455.5</b>    | <b>1,295.5</b>    | <b>379.8</b>      | <b>160.0</b>     |
| Total Other Deductions, Net                                        | (618.9)                 | (452.7)           | (481.6)           | (166.2)           | 28.9             |
| Income Taxes                                                       | 203.8                   | 158.1             | 139.5             | (45.7)            | (18.6)           |
| <b>Net Income</b>                                                  | <b>1,012.6</b>          | <b>844.7</b>      | <b>674.4</b>      | <b>167.9</b>      | <b>170.3</b>     |
| Net (loss) income attributable to noncontrolling interest          | 83.1                    | 84.3              | (39.9)            | 1.2               | (124.2)          |
| <b>Net Income attributable to NiSource</b>                         | <b>929.5</b>            | <b>760.4</b>      | <b>714.3</b>      | <b>169.1</b>      | <b>46.1</b>      |
| Preferred dividends and redemption premium                         | —                       | (20.7)            | (52.6)            | 20.7              | 31.9             |
| <b>Net Income Available to Common Shareholders</b>                 | <b>929.5</b>            | <b>739.7</b>      | <b>661.7</b>      | <b>189.8</b>      | <b>78.0</b>      |
| Basic Earnings Per Share                                           | \$ 1.96                 | \$ 1.63           | \$ 1.59           | \$ 0.33           | \$ 0.04          |
| Diluted Earnings Per Share                                         | \$ 1.95                 | \$ 1.62           | \$ 1.48           | \$ 0.33           | \$ 0.14          |

The majority of the costs 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.

The increase in net income available to common shareholders during 2025 was primarily due to higher revenues, net of cost of energy, driven by our continued investment in safety and successful regulatory outcomes for these investments, reliability and low- or zero-emission generation year-over-year. The increase in net income available to common shareholders is partially offset by higher operation and maintenance expense, higher depreciation expense attributed to our planned capital expenditures, and increased interest expense.

For additional information on operating income variance drivers see "Results and Discussion of Operations" for Columbia Operations and NIPSCO Operations in this Management's Discussion.

Other Deductions, Net

The change in Other deductions, net in 2025 compared to 2024 is primarily driven by higher long-term debt interest in 2025 and lower AFUDC in 2025 driven by lower CWIP outstanding year-over-year. See Note 7, "Short-Term Borrowings," Note 8, "Long-Term Debt," Note 22, "Other, Net," and Note 23, "Interest Expense, Net," in the Notes to Consolidated Financial Statements for additional information.

Income Taxes

The increase in income tax expense in 2025 compared to the same period in 2024 is primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

**NiSource Inc.**

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

## **RESULTS AND DISCUSSION OF OPERATIONS**

### Presentation of Segment Information

Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations aggregates the results of NIPSCO Holdings I, and its majority-owned subsidiaries, including NIPSCO, which has both regulated gas and electric operations in northern Indiana. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as a reportable 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, unallocated corporate costs and activities and new business development costs associated with GenCo.

**NiSource Inc.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations**

Financial and operational data for the Columbia Operations segment for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31, (in millions)           | 2025              | 2024              | 2023              | Favorable (Unfavorable) |                  |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------------|------------------|
|                                                 |                   |                   |                   | 2025 vs. 2024           | 2024 vs. 2023    |
| <b>Operating Revenues</b>                       | <b>\$ 3,343.3</b> | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 627.3</b>         | <b>\$ (30.1)</b> |
| <b>Operating Expenses</b>                       |                   |                   |                   |                         |                  |
| Cost of energy                                  | 819.8             | 514.7             | 645.0             | (305.1)                 | 130.3            |
| Operation and maintenance                       | 923.7             | 837.5             | 792.3             | (86.2)                  | (45.2)           |
| Depreciation and amortization                   | 451.2             | 409.1             | 371.7             | (42.1)                  | (37.4)           |
| Loss on impairment of assets                    | —                 | 2.7               | —                 | 2.7                     | (2.7)            |
| Loss on sale of assets, net                     | 0.3               | 4.7               | —                 | 4.4                     | (4.7)            |
| Other taxes                                     | 253.2             | 218.6             | 198.8             | (34.6)                  | (19.8)           |
| <b>Total Operating Expenses</b>                 | <b>2,448.2</b>    | <b>1,987.3</b>    | <b>2,007.8</b>    | <b>(460.9)</b>          | <b>20.5</b>      |
| <b>Operating Income</b>                         | <b>\$ 895.1</b>   | <b>\$ 728.7</b>   | <b>\$ 738.3</b>   | <b>\$ 166.4</b>         | <b>\$ (9.6)</b>  |
| <b>Revenues</b>                                 |                   |                   |                   |                         |                  |
| Residential                                     | \$ 2,284.0        | \$ 1,891.5        | \$ 1,882.8        | \$ 392.5                | \$ 8.7           |
| Commercial                                      | 768.0             | 588.4             | 606.2             | 179.6                   | (17.8)           |
| Industrial                                      | 168.8             | 145.2             | 139.5             | 23.6                    | 5.7              |
| Off-System                                      | 75.8              | 42.6              | 60.7              | 33.2                    | (18.1)           |
| Other                                           | 46.7              | 48.3              | 56.9              | (1.6)                   | (8.6)            |
| <b>Total</b>                                    | <b>\$ 3,343.3</b> | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 627.3</b>         | <b>\$ (30.1)</b> |
| <b>Sales and Transportation (MMDth)</b>         |                   |                   |                   |                         |                  |
| Residential                                     | 180.3             | 153.2             | 155.2             | 27.1                    | (2.0)            |
| Commercial                                      | 138.3             | 121.8             | 120.4             | 16.5                    | 1.4              |
| Industrial                                      | 278.1             | 277.9             | 255.3             | 0.2                     | 22.6             |
| Off-System                                      | 26.1              | 23.8              | 31.8              | 2.3                     | (8.0)            |
| Other                                           | 0.3               | 0.2               | 0.3               | 0.1                     | (0.1)            |
| <b>Total</b>                                    | <b>623.1</b>      | <b>576.9</b>      | <b>563.0</b>      | <b>46.2</b>             | <b>13.9</b>      |
| <b>Heating Degree Days<sup>(1)</sup></b>        | <b>5,170</b>      | <b>4,262</b>      | <b>4,373</b>      | <b>908</b>              | <b>(111)</b>     |
| <b>Normal Heating Degree Days<sup>(1)</sup></b> | <b>5,012</b>      | <b>5,134</b>      | <b>5,137</b>      | <b>(122)</b>            | <b>(3)</b>       |
| <b>% (Warmer) Colder than Normal</b>            | <b>3 %</b>        | <b>(17)%</b>      | <b>(15)%</b>      |                         |                  |
| <b>% (Warmer) Colder than Prior Year</b>        | <b>21 %</b>       | <b>(3)%</b>       | <b>(16)%</b>      |                         |                  |
| <b>Gas Distribution Customers</b>               |                   |                   |                   |                         |                  |
| Residential                                     | 2,237,810         | 2,225,564         | 2,215,293         | 12,246                  | 10,271           |
| Commercial                                      | 189,792           | 188,699           | 188,561           | 1,093                   | 138              |
| Industrial                                      | 1,988             | 1,991             | 1,986             | (3)                     | 5                |
| Other                                           | 5                 | 5                 | 4                 | —                       | 1                |
| <b>Total</b>                                    | <b>2,429,595</b>  | <b>2,416,259</b>  | <b>2,405,844</b>  | <b>13,336</b>           | <b>10,415</b>    |

<sup>(1)</sup> Heating degree figures represent averages of the five jurisdictions served by Columbia Operations.



**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2025 to 2024 are presented in the respective tables below.

|                                                                                   | <b>Favorable<br/>(Unfavorable)</b> |
|-----------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Revenues (in millions)</b>                                | <b>2025 vs 2024</b>                |
| New rates from base rate proceedings and regulatory capital programs              | \$ 178.9                           |
| The effects of weather in 2025 compared to 2024                                   | 53.9                               |
| The effects of customer growth                                                    | 5.8                                |
| The effects of customer usage                                                     | (7.5)                              |
| Other                                                                             | 1.4                                |
| Change in operating revenues (before cost of energy and other tracked items)      | \$ 232.5                           |
| <b>Operating revenues offset in operating expense</b>                             |                                    |
| Higher cost of energy billed to customers                                         | 305.2                              |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax | 89.6                               |
| <b>Total change in operating revenues</b>                                         | <b>\$ 627.3</b>                    |

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 and revenue normalization mechanisms. Our composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Columbia 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.

Throughput

The increase in total volumes sold and transported in 2025 compared to 2024 of 46.2 MMDth is primarily attributable to the effects of colder weather.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations (continued)**

**Commodity Price Impact**

Cost of energy for the Columbia Operations segment is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation services. All of our Columbia Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. These are tracked costs that are passed through directly to the customer, and the gas costs included in revenues are matched with the gas cost expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income. Certain Columbia 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.

|                                                                                   | <b>Favorable<br/>(Unfavorable)</b> |
|-----------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Expenses (in millions)</b>                                | <b>2025 vs 2024</b>                |
| Higher depreciation and amortization expense                                      | \$ (42.1)                          |
| Higher property tax                                                               | (18.0)                             |
| Higher employee related expenses                                                  | (16.0)                             |
| Loss on sale of assets and impairments in 2024                                    | 7.4                                |
| Other                                                                             | 2.6                                |
| Change in operating expenses (before cost of energy and other tracked items)      | \$ (66.1)                          |
| <b>Operating expenses offset in operating revenue</b>                             |                                    |
| Higher cost of energy billed to customers                                         | (305.2)                            |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax | (89.6)                             |
| <b>Total change in operating expense</b>                                          | <b>\$ (460.9)</b>                  |

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations**

Financial and operational data for the NIPSCO Operations segment, which services both gas and electric customers, for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31, <i>(in millions)</i> | 2025              | 2024              | 2023              | Favorable (Unfavorable) |                  |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------------|------------------|
|                                              |                   |                   |                   | 2025 vs. 2024           | 2024 vs. 2023    |
| <b>NIPSCO Operations</b>                     |                   |                   |                   |                         |                  |
| <b>Operating Revenues</b>                    | <b>\$ 3,308.5</b> | <b>\$ 2,752.0</b> | <b>\$ 2,771.6</b> | <b>\$ 556.5</b>         | <b>\$ (19.6)</b> |
| <b>Operating Expenses</b>                    |                   |                   |                   |                         |                  |
| Cost of energy                               | 764.7             | 617.5             | 888.3             | (147.2)                 | 270.8            |
| Operation and maintenance                    | 848.9             | 761.4             | 787.7             | (87.5)                  | 26.3             |
| Depreciation and amortization                | 680.6             | 590.3             | 493.8             | (90.3)                  | (96.5)           |
| Loss on impairment of assets                 | 0.7               | 0.4               | —                 | (0.3)                   | (0.4)            |
| Loss (gain) on sale of assets, net           | —                 | (1.7)             | 2.2               | (1.7)                   | 3.9              |
| Other taxes                                  | 75.5              | 64.3              | 57.9              | (11.2)                  | (6.4)            |
| Total Operating Expenses                     | 2,370.4           | 2,032.2           | 2,229.9           | (338.2)                 | 197.7            |
| Operating Income                             | \$ 938.1          | \$ 719.8          | \$ 541.7          | \$ 218.3                | \$ 178.1         |

| Year Ended December 31, <i>(in millions)</i> | 2025       | 2024       | 2023       | Favorable (Unfavorable) |               |
|----------------------------------------------|------------|------------|------------|-------------------------|---------------|
|                                              |            |            |            | 2025 vs. 2024           | 2024 vs. 2023 |
| NIPSCO Electric                              |            |            |            |                         |               |
| Revenues                                     |            |            |            |                         |               |
| Residential                                  | \$ 771.4   | \$ 649.9   | \$ 583.9   | \$ 121.5                | \$ 66.0       |
| Commercial                                   | 716.8      | 620.4      | 578.1      | 96.4                    | 42.3          |
| Industrial                                   | 581.3      | 500.0      | 475.0      | 81.3                    | 25.0          |
| Wholesale and Other                          | 139.4      | 143.3      | 148.0      | (3.9)                   | (4.7)         |
| Total                                        | \$ 2,208.9 | \$ 1,913.6 | \$ 1,785.0 | \$ 295.3                | \$ 128.6      |
| Sales (GWh)                                  |            |            |            |                         |               |
| Residential                                  | 3,498.9    | 3,404.9    | 3,262.9    | 94.0                    | 142.0         |
| Commercial                                   | 3,737.0    | 3,697.9    | 3,614.2    | 39.1                    | 83.7          |
| Industrial                                   | 8,344.8    | 7,984.8    | 7,820.3    | 360.0                   | 164.5         |
| Wholesale and Other                          | 958.1      | 974.9      | 635.3      | (16.8)                  | 339.6         |
| Total                                        | 16,538.8   | 16,062.5   | 15,332.7   | 476.3                   | 729.8         |
| Cooling Degree Days                          | 973        | 903        | 710        | 70                      | 193           |
| Normal Cooling Degree Days                   | 868        | 852        | 831        | 16                      | 21            |
| % Warmer (Colder) than Normal                | 12 %       | 6 %        | (15)%      |                         |               |
| % Warmer (Colder) than prior year            | 8 %        | 27 %       | (25)%      |                         |               |
| NIPSCO Electric Customers                    |            |            |            |                         |               |
| Residential                                  | 433,889    | 430,648    | 427,217    | 3,241                   | 3,431         |
| Commercial                                   | 59,831     | 59,214     | 58,779     | 617                     | 435           |
| Industrial                                   | 2,109      | 2,121      | 2,126      | (12)                    | (5)           |
| Wholesale and other                          | 705        | 707        | 711        | (2)                     | (4)           |
| Total                                        | 496,534    | 492,690    | 488,833    | 3,844                   | 3,857         |

**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations**

|                                          | Favorable (Unfavorable) |          |          |               |               |
|------------------------------------------|-------------------------|----------|----------|---------------|---------------|
| Year Ended December 31, (in millions)    | 2025                    | 2024     | 2023     | 2025 vs. 2024 | 2024 vs. 2023 |
| NIPSCO Gas                               |                         |          |          |               |               |
| Revenues                                 |                         |          |          |               |               |
| Residential                              | \$ 712.3                | \$ 540.9 | \$ 634.9 | \$ 171.4      | \$ (94.0)     |
| Commercial                               | 271.6                   | 202.4    | 249.1    | 69.2          | (46.7)        |
| Industrial                               | 100.2                   | 79.0     | 86.9     | 21.2          | (7.9)         |
| Other                                    | 15.5                    | 16.1     | 15.7     | (0.6)         | 0.4           |
| Total                                    | \$ 1,099.6              | \$ 838.4 | \$ 986.6 | \$ 261.2      | \$ (148.2)    |
| Sales and Transportation Volumes (MMDth) |                         |          |          |               |               |
| Residential                              | 66.6                    | 58.2     | 60.3     | 8.4           | (2.1)         |
| Commercial                               | 47.3                    | 42.5     | 43.9     | 4.8           | (1.4)         |
| Industrial                               | 267.0                   | 256.8    | 261.8    | 10.2          | (5.0)         |
| Total                                    | 380.9                   | 357.5    | 366.0    | 23.4          | (8.5)         |
| Heating Degree Days                      | 5,936                   | 4,975    | 5,198    | 961           | (223)         |
| Normal Heating Degree Days               | 5,911                   | 6,001    | 5,954    | (90)          | 47            |
| % Warmer than Normal                     | — %                     | (17)%    | (13)%    |               |               |
| % (Warmer) Colder than prior year        | 19 %                    | (4)%     | (15)%    |               |               |
| NIPSCO Gas Customers                     |                         |          |          |               |               |
| Residential                              | 808,241                 | 801,740  | 795,656  | 6,501         | 6,084         |
| Commercial                               | 66,957                  | 66,633   | 66,305   | 324           | 328           |
| Industrial                               | 2,677                   | 2,734    | 2,808    | (57)          | (74)          |
| Total                                    | 877,875                 | 871,107  | 864,769  | 6,768         | 6,338         |

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2025 to 2024 are presented in the respective tables below.

|                                                                                                                                | <b>Favorable<br/>(Unfavorable)</b> |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Revenues (in millions)</b>                                                                             | <b>2025 vs 2024</b>                |
| New rates from base rate proceedings and regulatory capital and DSM programs                                                   | \$ 324.2                           |
| The effects of weather in 2025 compared to 2024                                                                                | 48.9                               |
| The effects of customer growth                                                                                                 | 12.8                               |
| Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss) | (8.6)                              |
| The effects of customer usage                                                                                                  | (3.2)                              |
| Other                                                                                                                          | (3.8)                              |
| Change in operating revenues (before cost of energy and other tracked items)                                                   | \$ 370.3                           |
| <b>Operating revenues offset in operating expense</b>                                                                          |                                    |
| Higher cost of energy billed to customers                                                                                      | 147.0                              |
| Lower tracker deferrals within operation and maintenance, depreciation and tax                                                 | 40.1                               |
| Reduction in gross receipts tax, offset in operating expenses                                                                  | (0.9)                              |
| <b>Total change in operating revenues</b>                                                                                      | <b>\$ 556.5</b>                    |

**Weather**

The results of operations for the NIPSCO Operations segment include income from both electric and gas service lines. In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days and normal heating degree days, net of NIPSCO Gas' weather normalization mechanisms. Our composite cooling and heating degree days reported do not directly correlate to the weather-related dollar impact on the results of NIPSCO Operations. Cooling and 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 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 cooling and heating degree day comparison.

**Sales**

The increase in total volumes sold to electric customers for twelve months ended December 31, 2025 compared to the same period in 2024 was primarily attributable to residential customer growth and increased usage by commercial customers, partially offset by a decrease in usage by industrial customers. NIPSCO Electric results remains closely linked to the performance of the steel industry. MWh sales to steel-related industries accounted for approximately 49.3% and 49.4% of the total industrial MWh sales for the years ended December 31, 2025 and 2024, respectively.

The increase in total volumes sold to gas customers for the twelve months ended December 31, 2025 compared to the same period in 2024 was primarily attributable to colder weather, as well as residential and commercial customer count growth.

**Commodity Price Impact**

Cost of energy for the NIPSCO Operations segment's electric activities is principally comprised of the cost of coal, natural gas purchased for internal generation of electricity, transportation of coal and natural gas, and the cost of power purchased from generators of electricity for its generation and transmission activities. For its gas distribution activities, NIPSCO Operations' cost of energy is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. NIPSCO Operations has state-approved recovery mechanisms that provides a means for full recovery of prudently incurred costs of energy. The majority of these costs of energy are passed through directly to the customer, and the costs of energy included in operating revenues are matched with the cost of energy expense recorded in the

**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations (continued)**

period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered fuel and gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

The underlying reasons for changes in our operating expenses for the twelve months ended December 31, 2025 compared to the same period in 2024 are presented below.

|                                                                                                 | <b>Favorable<br/>(Unfavorable)</b> |
|-------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Changes in Operating Expenses (in millions)</b>                                              | <b>2025 vs 2024</b>                |
| Higher depreciation and amortization expense                                                    | \$ (91.2)                          |
| Higher outside services expenses                                                                | (21.1)                             |
| Higher expenses related to uncollectible customer accounts                                      | (11.9)                             |
| Higher property tax                                                                             | (11.4)                             |
| Renewable Joint Venture operating expense, partially offset by Joint Venture operating revenues | (8.6)                              |
| Higher employee and administrative expenses                                                     | (6.6)                              |
| Lower environmental remediation costs                                                           | 5.0                                |
| Other                                                                                           | (6.2)                              |
| <b>Change in operating expenses (before cost of energy and other tracked items)</b>             | <b>\$ (152.0)</b>                  |
| <b>Operating expenses offset in operating revenue</b>                                           |                                    |
| Higher cost of energy billed to customers                                                       | (147.0)                            |
| Higher tracker deferrals within operation and maintenance, depreciation and tax                 | (40.1)                             |
| Reduction in gross receipts tax, offset in operating revenues                                   | 0.9                                |
| <b>Total change in operating expense</b>                                                        | <b>\$ (338.2)</b>                  |

**Electric Supply and Generation Transition**

NIPSCO continues to execute on an electric generation transition consistent with the 2018 Plan and 2021 Plan and maintained in the 2024 Plan. See "Liquidity and Capital Resources" in this Management's Discussion for additional information on our capital investment spend. NIPSCO is responding to federal and state executive orders, or other regulatory actions, with respect to its generation transition plans. In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions. Consistent with the Federal Power Act and the U.S. Department of Energy regulations, the order authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). As directed, NIPSCO continued to make R.M. Schahfer available in the MISO market. Following receipt of the emergency order, NIPSCO filed a complaint at FERC seeking a modification of the MISO Tariff to establish a mechanism for recovery and allocation of the cost to comply with this order. NIPSCO made two filings with the IURC related to the emergency order. The first filing is to confirm accounting treatment of current electric rate order, and the second is a filing for recovery of federally mandated expenses related to the emergency order, which will be utilized in the event that any costs of complying with the emergency order fall outside of the MISO Tariff recovery. For additional information, see Note 12, "Regulatory Matters,".

Since 2020, five PPA projects (three wind and two solar) and eight owned projects (two wind, four solar and two solar plus storage) have been placed into service totaling approximately 3,246 MW of nameplate capacity, including Dunn's Bridge II, Fairbanks, Gibson, Appleseed, and Carpenter, which were placed into service in January, May, August, and December 2025, respectively. 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 has an associated nameplate capacity, and payments under the PPAs do not begin until the associated generation facility is placed into service. We expect the Templeton project, a wind BTA project with a nameplate capacity of 200 MW, to be placed in service in 2027. See "Executive Summary - Energy Transition" in this Management's Discussion for additional information. NIPSCO has sold, and may in the future sell, renewable energy credits from its renewable generation to third parties to offset customer costs.

**NiSource Inc.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**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, the issuance of debt and/or equity, and minority interest investments in NIPSCO Holdings II and Generation Holdings II. Equity issuances are primarily conducted through our ATM program. Additionally, we received proceeds from tax credit transfers associated with the monetization of credits of \$22.4 million and \$23.5 million for the years ended December 31, 2025 and 2024, respectively. External debt financing is provided primarily through the issuance of long-term debt, accounts receivable securitization programs and our \$1.85 billion commercial paper program, which is backstopped by our committed revolving credit facility. In December 2025, we increased our revolving credit facility availability from \$1.85 billion to \$2.50 billion from third-party lenders. We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2026 and beyond.

As discussed above under "ADS Contract and Strategy," the aggregate cost of the Contract Assets is currently estimated to be approximately \$7 billion. We expect to finance the construction and development of these assets through a number of sources including but not limited to funds received under the ADS Contract, debt and equity financing raised by NiSource and capital contributions from affiliates of Blackstone to NIPSCO Holdings II and Generation Holdings II in connection with such Blackstone affiliates' minority interest investments in those entities. For additional information on these minority interest investments, refer to Note 4, "Noncontrolling Interests," and Note 19, "Other Commitments and Contingencies - E. Other Matters," included herein. If we enter into additional data center contracts, we expect that we would need to develop additional generation assets to serve our new data center customers. In order to fund the development of these assets which may be significant, we would be required to obtain significant additional financing, for which we may consider other funding sources, structures, or partnerships such as JVs or off-balance sheet arrangements in the form of BTAs to support maintenance of our investment grade credit ratings.

Sources of financing activities for the current year are as follows:

Details of our 2024 ATM program activity are summarized below:

- In February 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,000,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$40.10 per share. In September 2025, we settled the forward sale agreement in shares for \$80.0 million, based on a net price of \$40.02 per share.
- In March 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,707,320 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.00 per share. In September 2025, we settled the forward sale agreement in shares for \$69.9 million, based on a net price of \$40.92 per share.
- In June 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,518,393 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$39.71 per share. In September 2025, we settled the forward sale agreement in shares for \$99.1 million, based on a net price of \$39.36 per share.
- In October 2025, with the commencement of our 2025 ATM program discussed below, we terminated the equity distribution agreements entered into in February 2024 in connection with the 2024 ATM program.

Details of our 2025 ATM program activity are summarized below:

- In October 2025, we entered into eleven separate equity distribution agreements providing for the sale of up to an aggregate of \$1.5 billion of our common stock.

**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

- In October 2025, we executed a direct sale agreement of 1,195,029 shares at a price of \$41.84 resulting in net proceeds of \$49.6 million received in November 2025.
- In October 2025, we executed a forward sale agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,390,057 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.84 per share. We may settle the forward sale agreement in shares, cash or net shares by October 2026. Had we settled all of the shares under the forward sale agreement at December 31, 2025, we would have received approximately \$99.7 million, based on a net price of \$41.73 per share.
- As of December 31, 2025 the 2025 ATM program inclusive of the forward sale agreement had approximately \$1.35 billion of equity capacity available. The 2025 ATM program expires in December 2028.

Details of our 2025 long-term debt activity are summarized below:

- In March 2025, we completed the issuance and sale of \$750.0 million of 5.850% senior unsecured notes maturing in 2055, which resulted in approximately \$739.6 million of net proceeds after discount and debt issuance costs.
- In June 2025, we completed the issuance and sale of an additional \$750.0 million of 5.850% senior unsecured notes maturing in 2055 (the "2055 Notes"). The terms of the 2055 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute a reopening of, our 5.850% senior unsecured notes maturing in 2055 issued in March 2025. With the incremental issuance, we now have \$1.5 billion of 5.850% senior unsecured notes maturing in 2055. In June 2025, we also completed the issuance and sale of \$900.0 million of 5.350% senior unsecured notes maturing in 2035 (the "2035 Notes"). These issuances of the 2055 Notes and the 2035 Notes resulted in approximately \$1.616 billion of total net proceeds after discount and debt issuance costs.
- In August 2025, we repaid \$1,250.0 million of 0.95% senior unsecured notes at maturity.
- In November 2025, we completed the issuance and sale of \$1.0 billion of 5.750% fixed-to-fixed reset rate junior subordinated notes maturing in 2056, which resulted in approximately \$984.3 million of net proceeds after debt issuance costs.
- In December 2025, Columbia of Massachusetts repaid \$10.0 million of 6.430% medium term notes at maturity.

See Note 4, "Noncontrolling Interests," Note 6, "Equity," Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for more information.

**Operating Activities**

Net cash from operating activities for the year ended December 31, 2025 was \$2,362.3 million, an increase of \$580.8 million from 2024. This increase in cash from operating activities was primarily attributable to higher net income, depreciation expense, deferred taxes, supplier refunds received in 2025 and decreases in current year exchange gas receivables in 2025 compared to 2024.

**Investing Activities**

Net cash used for investing activities for the year ended December 31, 2025 was \$4,524.1 million, an increase of \$1,311.1 million from 2024. The year over year increase in investing activities was primarily comprised of milestone payments to renewable generation asset developers for certain of our BTA projects, advanced deposits, and additional capital expenditures in 2025 compared to 2024.



**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Capital Expenditures.** The table below reflects actual capital expenditures and certain other investing activities by segment for 2025.

| <i>(in millions)</i>                          | <b>Actual<br/>2025</b> |
|-----------------------------------------------|------------------------|
| Columbia Operations                           |                        |
| System Growth and Tracker                     | \$ 825.5               |
| Maintenance                                   | 387.5                  |
| Total Columbia Operations                     | 1,213.0                |
| NIPSCO Operations                             |                        |
| System Growth and Tracker                     | 740.9                  |
| Maintenance                                   | 596.8                  |
| Generation Transition Investments             | 1,171.2                |
| Total NIPSCO Operations                       | 2,508.9                |
| Corporate and Other Operations <sup>(1)</sup> | 329.7                  |
| Total Capital Expenditures <sup>(2)</sup>     | \$ 4,051.6             |

<sup>(1)</sup>Certain amounts may subsequently be allocated out of Corporate and Other Maintenance Costs to the Columbia Operations and NIPSCO Operations segments when placed in service. This amount also includes \$39.7 million related to data center generation assets.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.

In addition to these capital expenditures, we invested \$70.5 million in cloud computing costs in 2025. We also made \$373.8 million in advanced deposits for project costs to secure certain long lead equipment related to data center generation assets.

We expect to make capital investments totaling approximately \$21.0 billion during the 2026-2030 period to support our base business (exclusive of investments relating to the ADS Contract), including capital investments to support our generation transition strategy, and to invest approximately \$7.0 billion during that period to develop the Contract Assets in connection with the ADS Contract, as set forth in the table below. As discussed above, if we enter into additional data center contracts, we expect to make significant further capital investments in addition to those set forth in the table below, and/or to consider alternative financing structures such as JVs or off-balance sheet arrangements. The forecasted capital investments are subject to continuing review and adjustment. Actual capital investments may vary from these estimates.

| <i>(in billions)</i>                           | <b>2025 Actual</b> | <b>2026<br/>Estimated</b> | <b>2027<br/>Estimated</b> | <b>2028<br/>Estimated</b> | <b>2029<br/>Estimated</b> | <b>2030<br/>Estimated</b> |
|------------------------------------------------|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Capital Investments<br>(Base Business)         | \$4.1              | \$3.9 - 4.1               | \$3.7 - 3.9               | \$3.7 - 3.9               | \$4.9 - 5.1               | \$4.3 - 4.5               |
| Capital Investments<br>(Data Center Contracts) | 0.4                | 1.2 - 1.4                 | 1.5 - 1.7                 | 1.8- 2.0                  | 1.0 - 1.2                 | 0.4 - 0.6                 |
| Capital Investments<br>(Total)                 | \$4.5              | \$5.1 - 5.5               | \$5.2 - 5.6               | \$5.5 - 5.9               | \$5.9 - 6.3               | \$4.7 - 5.1               |

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Regulatory Capital Programs.** We continue to upgrade and modernize our electric system to enhance safety and reliability by addressing aged infrastructure and deploying advanced grid technologies. We are also upgrading and modernizing our gas infrastructure to enhance safety and reliability by reducing leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2025, we continued to move forward on core infrastructure investment programs supported by complementary regulatory and customer initiatives across five 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:

(in millions)

| Company                            | Program          | Capital Investment | Investment Period | Filing Date | Costs Covered <sup>(1)</sup>                                                                                                                                                                            |
|------------------------------------|------------------|--------------------|-------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Approved</b>                    |                  |                    |                   |             |                                                                                                                                                                                                         |
| Columbia of Ohio                   | IRP - 2025       | \$ 978.7           | 4/21-12/24        | 2/27/2025   | Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.                                                                                                   |
| Columbia of Ohio                   | PHMSA IRP - 2025 | \$ 78.2            | 1/23-12/24        | 2/28/2025   | Investments necessary to comply with the PHMSA Mega Rule.                                                                                                                                               |
| Columbia of Ohio                   | CEP - 2025       | \$ 1,027.8         | 4/21-12/24        | 2/27/2025   | Assets not included in the IRP or PHMSA IRP.                                                                                                                                                            |
| Columbia of Virginia               | SAVE - 2026      | \$ 176.1           | 10/24-12/26       | 8/12/2025   | Replacement projects that (i) enhance system safety or reliability, or (ii) reduce, or potentially reduce, greenhouse gas emissions. Includes costs associated with Advanced Leak Detection and Repair. |
| Columbia of Kentucky               | SMRP - 2026      | \$ 181.4           | 1/23-12/26        | 10/15/2025  | Replacement of mains and inclusion of system safety investments.                                                                                                                                        |
| NIPSCO - Electric <sup>(2)</sup>   | TDSIC - 7        | \$ 315.6           | 7/22-3/25         | 5/27/2025   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                            |
| NIPSCO - Electric <sup>(3)</sup>   | GCT - 2          | \$ 229.5           | 9/23/4/26         | 6/18/2025   | New gas peaker generation project costs forecasted through April 2026.                                                                                                                                  |
| NIPSCO - Gas                       | TDSIC - 9        | \$ 34.0            | 3/24-3/25         | 5/23/2025   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development.                                                                           |
| NIPSCO - Gas                       | FMCA -5          | \$ 21.9            | 6/24-6/25         | 8/27/2025   | Project costs to comply with federal mandates.                                                                                                                                                          |
| <b>Pending Commission Approval</b> |                  |                    |                   |             |                                                                                                                                                                                                         |
| NIPSCO - Gas                       | TDSIC - 10       | \$ 90.3            | 4/25-9/25         | 11/25/2025  | New or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development.                                                                           |
| NIPSCO - Electric <sup>(3)</sup>   | GCT - 3          | \$ 385.6           | 9/23-10/26        | 12/16/2025  | New gas peaker generation project cost forecasted through October 2026.                                                                                                                                 |

<sup>(1)</sup>Programs do not include any costs already included in base rates.

<sup>(2)</sup>TDSIC – 7 was originally filed in May 2025 and refilled in July 2025, due to the electric rate case order. The refiling adjusted the capital in the tracker from \$744.7 million to \$315.6 million.

<sup>(3)</sup>Capital investment is based on a projected amount. The capital investment has not all been incurred to date and represents a forecasted average for the billing period.

Columbia of Ohio filed an application in December 2025. The application seeks to continue Columbia of Ohio's PHMSA IRP Rider for calendar year 2027. The request includes recovery of \$404.3 million of capital to reconfirm maximum allowable operating pressure of transmission class pipe to meet federal rule requirements.

NIPSCO filed a Gas TDSIC Plan (2026 - 2030) in December 2025. The petition is seeking recovery of new or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development. The request includes \$764.7 million of estimated capital, including indirect costs and AFUDC.

Refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a further discussion of regulatory developments during 2025.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Financing Activities**

**Common Stock, Preferred Stock and Equity Unit Sale.** Refer to Note 6, "Equity," in the Notes to Consolidated Financial Statements for information on common stock, preferred stock and equity units activity.

**Short-term Debt.** Refer to Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

**Long-term Debt.** Refer to Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

**Non-controlling Interest.** Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

**Sources of Liquidity**

The following table displays our liquidity position as of December 31, 2025 and 2024:

| Year Ended December 31, (in millions)               | 2025              | 2024              |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Current Liquidity</b>                            |                   |                   |
| Revolving Credit Facility                           | \$ 2,500.0        | \$ 1,850.0        |
| Accounts Receivable Programs <sup>(1)</sup>         | 175.0             | 175.0             |
| Less:                                               |                   |                   |
| Commercial Paper                                    | 736.0             | 604.6             |
| Letters of Credit Outstanding Under Credit Facility | 25.0              | 9.4               |
| Add:                                                |                   |                   |
| Cash and Cash Equivalents                           | 110.1             | 156.6             |
| <b>Net Available Liquidity</b>                      | <b>\$ 2,024.1</b> | <b>\$ 1,567.6</b> |

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

**Debt Covenants.** We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

**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 NIPSCO's credit ratings and ratings outlook as of December 31, 2025.

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  |
| 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 ratings or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2025, a collateral requirement of approximately \$150.2 million would be required in the event of a downgrade below investment grade. 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.

**NISOURCE INC.**

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**Equity.** Our authorized capital stock consists of 770,000,000 shares, \$0.01 par value, of which 750,000,000 are common stock and 20,000,000 are preferred stock. As of December 31, 2025, 478,432,058 shares of common stock were outstanding and no shares of preferred stock were outstanding. For more information regarding our common and preferred stock, see Note 6, "Equity," in the Notes to Consolidated Financial Statements.

Contractual Obligations, Cash Requirements and Off-Balance Sheet Arrangements

We have certain contractual obligations requiring payments at specified periods. Our material cash requirements are detailed below. We intend to use funds from the liquidity sources referenced above to meet these cash requirements.

At December 31, 2025, we had \$15,477.5 million in long-term debt, of which \$19.7 million is current, and \$736.0 million in short-term borrowings outstanding.

During 2026 and 2027, we expect to make cash payments of \$809.5 million and \$879.3 million, respectively, related to pipeline service obligations including demand for gas transportation, gas storage and gas purchases, and \$87.6 million and \$10.4 million, respectively, for long lead time items related to plant equipment purchases.

Our expected payments include employer contributions to pension and other postretirement benefits plans expected to be made in 2026. Plan contributions beyond 2026 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2026, we expect to make contributions of approximately \$2.7 million to our pension plans and approximately \$18.3 million to our postretirement medical and life plans. Refer to Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to asset retirement obligations on the Consolidated Balance Sheets.

We have uncertain income tax positions for which we are unable to predict when the matters will be resolved. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to Consolidated Financial Statements for additional information.

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

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information regarding our contractual obligations over the next 5 years and thereafter and our off-balance sheet 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

Our gas and electric subsidiaries have commodity price risk primarily related to the purchases of 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 and does not bear significant exposure to earnings risk, since our current regulatory mechanisms allow recovery of prudently incurred purchased

**NiSOURCE INC.**

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. These changes are included in the GCA and FAC regulatory rate-recovery mechanisms. If these mechanisms were to be adjusted or eliminated, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. For additional information, see "Results and Discussion of Operations" in this Management's Discussion.

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 13, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2025 and 2024.

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, and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$8.2 million and \$7.9 million for 2025 and 2024, 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 long-term debt issuances. From time to time, we may enter into forward interest rate instruments to lock in long term interest costs and/or rates.

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 Management Policy which establishes guidelines for documenting management approval levels for credit limits, evaluating 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.

The financial status of our banking partners is periodically assessed through traditional credit ratings provided by major credit rating agencies.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Other Information**

**Critical Accounting Estimates**

We apply certain accounting policies in accordance with GAAP, which require that we make estimates and judgments that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe the following represent the more significant items requiring the use of judgment in preparing our Consolidated Financial Statements:

***Basis of Accounting for Rate-Regulated Subsidiaries.*** ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be billed and collected. Accordingly, certain expenses and credits subject to utility regulation or rate determination normally reflected in income may be deferred on the Consolidated Balance Sheets and recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. For additional information, refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. If we determine that the amounts included as regulatory assets are no longer probable of recovery, a charge to income would immediately be required to the extent of the unrecoverable amounts.

One of the more significant items recorded through the application of this accounting guidance is the regulatory overlay for JV accounting. The application of HLBV to consolidated VIEs generally results in the recognition of profit from the related JVs over a time frame that is different from when the regulatory return is earned. In accordance with the principles of ASC 980, we have recognized a regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. For additional information, refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," in the Notes to Consolidated Financial Statements.

***Pension and Postretirement Benefits.*** We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. For measurement of 2025 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.30% and 7.09% for our pension and other postretirement benefit plan assets, respectively. For measurement of 2026 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.13 % and 6.61% respectively, for our pension and other postretirement benefit plan assets.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We utilize a full yield curve approach to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements.

Typically, we use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations. We adopted Aon's U.S. Endemic Mortality Improvement scale MP-2021, accounting for both the near-term and long-term COVID-19 impacts.

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

| Change in Assumptions <i>(in millions)</i> | Impact on December 31, 2025 Projected Benefit Obligation<br>Increase/(Decrease) |                               |
|--------------------------------------------|---------------------------------------------------------------------------------|-------------------------------|
|                                            | Pension Benefits                                                                | Other Postretirement Benefits |
| +50 basis points change in discount rate   | \$ (43.8)                                                                       | \$ (16.9)                     |
| -50 basis points change in discount rate   | 47.1                                                                            | 18.3                          |

| Change in Assumptions <i>(in millions)</i>                                  | Impact on 2025 Expense Increase/(Decrease) <sup>(1)</sup> |                               |
|-----------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
|                                                                             | Pension Benefits                                          | Other Postretirement Benefits |
| +50 basis points change in discount rate                                    | \$ (1.3)                                                  | \$ 0.1                        |
| -50 basis points change in discount rate                                    | 1.4                                                       | 0.3                           |
| +50 basis points change in expected long-term rate of return on plan assets | (6.3)                                                     | (1.2)                         |
| -50 basis points change in expected long-term rate of return on plan assets | 6.3                                                       | 1.2                           |

<sup>(1)</sup>Before labor capitalization and regulatory deferrals.

**Goodwill and Other Intangible Assets.** We have six goodwill reporting units, comprised of the six state operating companies within both the Columbia Operations and NIPSCO Operations reportable segments. Our goodwill assets at December 31, 2025 were \$1,485.9 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2025. A qualitative ("step 0") test was completed on May 1, 2025 for all reporting units. In the Step 0 analysis, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the applicable reporting units as compared to the baseline "step 1" fair value measurement performed May 1, 2024.

**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

The results of this assessment indicated that it was more likely than not that the estimated fair value of the reporting units substantially exceeded the related carrying values of our reporting units; therefore, no "step 1" analysis was required and no impairment charges were indicated. Since the annual evaluation, there have been no indications that the fair values of the goodwill reporting units have decreased below the carrying values.

As noted above, application of the qualitative goodwill impairment test requires evaluating various events and circumstances to determine whether it is not more likely than not that the fair value of a reporting unit is less than its carrying amount. Although we believe all relevant factors were considered in the qualitative impairment analysis to reach the conclusion that goodwill is not impaired, significant changes in any one of the assumptions could potentially result in the recording of an impairment that could have significant impacts on the Consolidated Financial Statements.

See Note 10, "Goodwill," in the Notes to Consolidated Financial Statements for information regarding our 2025 analyses and assumptions.

**Unbilled Revenue.** We record utility operating revenues when energy is delivered to our customers. However, the determination of energy sales to individual customers is based upon the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and corresponding unbilled revenues are calculated. This unbilled revenue is estimated each month based upon historical usage, customer rates and weather. As of December 31, 2025, we recorded \$465.2 million of customer accounts receivable for unbilled revenue. Significant fluctuations in energy demand for the unbilled period or changes in the composition of customer classes could impact the accuracy of the unbilled revenue estimate. Refer to Note 3, "Revenue Recognition," in the Notes to Consolidated Financial Statements for additional information regarding our significant judgments and estimates related to unbilled revenue recognition.

**Income Taxes.** The consolidated income tax provision and deferred income tax assets and liabilities, as well as any unrecognized tax benefits and valuation allowances, require use of estimates and significant management judgment. Although we believe that current estimates for deferred tax assets and liabilities are reasonable, actual results could differ from these estimates for a variety of reasons, including reasonable projections of taxable income, the ability and intent to implement tax planning strategies if necessary, and interpretations of applicable tax laws and regulations across multiple taxing jurisdictions. Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

We account for uncertain income tax positions using a benefit recognition model with a two-step approach including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. We evaluate each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of tax benefits to be recorded in the consolidated financial statements. At December 31, 2025 and 2024, we had \$21.7 million of unrecognized tax benefits. Changes in these unrecognized tax benefits may result from remeasurement of amounts expected to be realized, settlements with tax authorities and expiration of statutes of limitations.

On a quarterly basis, we evaluate our deferred tax assets by considering current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. Failure to achieve forecasted taxable income or successfully implement tax planning strategies may affect the realization of deferred tax assets. We establish a valuation allowance when we conclude it is more likely than not that all, or a portion, of a deferred tax asset will not be realized in future periods. Significant judgment is required to determine the amount of tax benefits expected to be realized. At December 31, 2025 and 2024, we had established \$14.8 million and \$6.4 million, respectively, of valuation allowances (net of federal benefit) related to federal Section 163(j) interest limitation carryforward and certain state net operating loss carryforwards. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information.

**Recently Issued Accounting Pronouncements**

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."



**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Regulatory Matters - Impact of Rate Regulation on the Financial Statements – Refer to Notes 1, 9, and 12 to the financial statements***

***Critical Audit Matter Description***

The Company's primary subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company's subsidiaries' rates are determined and approved in regulatory proceedings based on an analysis of the subsidiaries' costs to provide utility service and a return on, and recovery of, the subsidiaries' investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The respective commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the commission in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the commission will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified the impact of rate regulation, specifically certain regulatory assets and liabilities at the Company's Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc. subsidiaries, as a critical audit matter due to the significant judgments made by management to support its assertions about certain account balances and the significant degree of subjectivity involved in assessing the likelihood of recovery of incurred costs in current or future rates due in part to uncertainty related to future decisions by the rate regulators. This required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities and a significant degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's conclusions.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation related to the uncertainty of future decisions by the rate regulators, specifically the Indiana Utility Regulatory Commission (IURC) and the Public Utilities Commission of Ohio (PUCO), included the following, among others:

- We tested the effectiveness of management's controls over (1) the evaluation of the likelihood of (a) the recovery of costs deferred as regulatory assets in future periods, and (b) regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates; and (2) the evaluation of Hypothetical Liquidation Book Value (HLBV) accounting for the company's renewable facility joint ventures and its impact on the Company's regulatory liability.
- We evaluated Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc.'s disclosures related to the financial statement impacts of rate regulation.
- We read relevant regulatory orders issued by the IURC and PUCO, including regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or a future reduction in rates based on precedents of the commissions' treatment of similar costs under similar circumstances. We evaluated this external information and compared to management's recorded regulatory asset and liability balances for completeness, including the implementation of a new base rate order at Northern Indiana Public Service Company LLC's electric business.
- We inspected minutes of the boards of directors for discussions of changes in legal, regulatory, or business factors which could impact management's conclusions with respect to the financial statement impacts of rate regulation.
- For the Northern Indiana Public Service Company LLC's electric base rate case that was approved in 2025, we inspected the order for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned with an emphasis on the generation strategy related to Northern Indiana Public Service Company LLC's R.M. Schahfer and Michigan City Generating Stations. We inspected minutes of the board of directors, regulatory orders, the Department of Energy's

**NiSource Inc.**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Order Under Federal Power Act Section 202(c), and other filings with the IURC to identify evidence that may contradict management's assertion regarding probability of abandonment.

- We read the relevant regulatory orders issued by the IURC for the Company's renewable energy investments held within joint ventures. We evaluated the appropriateness of recognizing a regulatory liability for timing differences between the profit allocated under the HLBV accounting method and the allowed earnings included in rates for these joint ventures. We also evaluated the appropriateness of the offset to the regulatory liability recorded in depreciation expense.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio

February 11, 2026

We have served as the Company's auditor since 2002.

NiSource Inc.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

STATEMENTS OF CONSOLIDATED INCOME

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2025            | 2024            | 2023            |
|------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>Operating Revenues</b>                                              |                 |                 |                 |
| Customer revenues                                                      | \$ 6,522.8      | \$ 5,282.9      | \$ 5,347.8      |
| Other revenues                                                         | 119.4           | 172.2           | 157.6           |
| <b>Total Operating Revenues</b>                                        | <b>6,642.2</b>  | <b>5,455.1</b>  | <b>5,505.4</b>  |
| <b>Operating Expenses</b>                                              |                 |                 |                 |
| Cost of energy                                                         | 1,584.4         | 1,132.2         | 1,533.3         |
| Operation and maintenance                                              | 1,710.2         | 1,515.2         | 1,494.9         |
| Depreciation and amortization                                          | 1,167.6         | 1,043.2         | 908.2           |
| Loss on impairment of assets                                           | 0.7             | 6.1             | —               |
| Loss (gain) on sale of assets, net                                     | (0.1)           | 2.9             | 2.9             |
| Other taxes                                                            | 344.1           | 300.0           | 270.6           |
| <b>Total Operating Expenses</b>                                        | <b>4,806.9</b>  | <b>3,999.6</b>  | <b>4,209.9</b>  |
| <b>Operating Income</b>                                                | <b>1,835.3</b>  | <b>1,455.5</b>  | <b>1,295.5</b>  |
| <b>Other Income (Deductions)</b>                                       |                 |                 |                 |
| Interest expense, net                                                  | (639.0)         | (517.2)         | (489.6)         |
| Other, net                                                             | 20.1            | 64.5            | 8.0             |
| <b>Total Other Deductions, Net</b>                                     | <b>(618.9)</b>  | <b>(452.7)</b>  | <b>(481.6)</b>  |
| <b>Income before Income Taxes</b>                                      | <b>1,216.4</b>  | <b>1,002.8</b>  | <b>813.9</b>    |
| <b>Income Taxes</b>                                                    | <b>203.8</b>    | <b>158.1</b>    | <b>139.5</b>    |
| <b>Net Income</b>                                                      | <b>1,012.6</b>  | <b>844.7</b>    | <b>674.4</b>    |
| Net income (loss) attributable to noncontrolling interest              | 83.1            | 84.3            | (39.9)          |
| <b>Net Income attributable to NiSource</b>                             | <b>929.5</b>    | <b>760.4</b>    | <b>714.3</b>    |
| Preferred dividends                                                    | —               | (6.7)           | (42.8)          |
| Preferred redemption premium                                           | —               | (14.0)          | (9.8)           |
| <b>Net Income Available to Common Shareholders</b>                     | <b>\$ 929.5</b> | <b>\$ 739.7</b> | <b>\$ 661.7</b> |
| <b>Earnings Per Share</b>                                              |                 |                 |                 |
| Basic Earnings Per Share                                               | \$ 1.96         | \$ 1.63         | \$ 1.59         |
| Diluted Earnings Per Share                                             | \$ 1.95         | \$ 1.62         | \$ 1.48         |
| <b>Basic Average Common Shares Outstanding</b>                         | <b>472.9</b>    | <b>454.2</b>    | <b>416.1</b>    |
| <b>Diluted Average Common Shares</b>                                   | <b>474.5</b>    | <b>456.0</b>    | <b>447.9</b>    |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

| Year Ended December 31, <i>(in millions, net of taxes)</i>          | 2025              | 2024            | 2023            |
|---------------------------------------------------------------------|-------------------|-----------------|-----------------|
| Net Income                                                          | \$ 1,012.6        | \$ 844.7        | \$ 674.4        |
| Other comprehensive income:                                         |                   |                 |                 |
| Net unrealized gain on available-for-sale securities <sup>(1)</sup> | 4.1               | 3.3             | 3.9             |
| Net unrealized loss on cash flow hedges <sup>(2)</sup>              | (0.4)             | (0.4)           | (0.2)           |
| Unrecognized pension and OPEB benefit (costs) <sup>(3)</sup>        | 20.5              | 0.3             | (0.2)           |
| Total other comprehensive income                                    | 24.2              | 3.2             | 3.5             |
| <b>Total Comprehensive Income</b>                                   | <b>\$ 1,036.8</b> | <b>\$ 847.9</b> | <b>\$ 677.9</b> |

<sup>(1)</sup> Net unrealized gain on available-for-sale securities, net of \$1.1 million tax expense, \$0.9 million tax expense and \$1.0 million tax expense in 2025, 2024 and 2023, respectively.

<sup>(2)</sup> Net unrealized loss on derivatives qualifying as cash flow hedges, net of \$0.1 million tax benefit, \$0.1 million tax benefit and \$0.1 million tax benefit in 2025, 2024 and 2023, respectively.

<sup>(3)</sup> Unrecognized pension and OPEB benefit (costs), net of \$4.4 million tax expense, \$0.3 million tax expense and \$0.1 million tax benefit in 2025, 2024 and 2023, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**CONSOLIDATED BALANCE SHEETS**

| <i>(in millions)</i>                                                                                                                    | <b>December 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                                                                                                           |                              |                              |
| <b>Property, Plant and Equipment</b>                                                                                                    |                              |                              |
| Plant                                                                                                                                   | \$ 38,058.8                  | \$ 34,152.9                  |
| Accumulated depreciation and amortization                                                                                               | (9,370.6)                    | (8,699.0)                    |
| Net Property, Plant and Equipment <sup>(1)</sup>                                                                                        | 28,688.2                     | 25,453.9                     |
| <b>Investments and Other Assets</b>                                                                                                     |                              |                              |
| Unconsolidated affiliates                                                                                                               | 8.1                          | 6.5                          |
| Available-for-sale debt securities (amortized cost of \$145.8 and \$91.9, allowance for credit losses of \$0.0 and \$0.1, respectively) | 146.1                        | 86.7                         |
| Other investments                                                                                                                       | 118.6                        | 85.5                         |
| Total Investments and Other Assets                                                                                                      | 272.8                        | 178.7                        |
| <b>Current Assets</b>                                                                                                                   |                              |                              |
| Cash and cash equivalents                                                                                                               | 110.1                        | 156.6                        |
| Restricted cash                                                                                                                         | 25.6                         | 42.0                         |
| Accounts receivable                                                                                                                     | 1,238.1                      | 987.9                        |
| Allowance for credit losses                                                                                                             | (40.6)                       | (23.7)                       |
| Accounts receivable, net                                                                                                                | 1,197.5                      | 964.2                        |
| Gas storage                                                                                                                             | 252.0                        | 179.6                        |
| Materials and supplies, at average cost                                                                                                 | 189.0                        | 173.3                        |
| Electric production fuel, at average cost                                                                                               | 8.5                          | 36.2                         |
| Exchange gas receivable                                                                                                                 | 66.0                         | 45.7                         |
| Regulatory assets                                                                                                                       | 274.2                        | 319.9                        |
| Prepayments                                                                                                                             | 149.3                        | 138.5                        |
| Other current assets                                                                                                                    | 105.0                        | 24.2                         |
| Total Current Assets <sup>(1)</sup>                                                                                                     | 2,377.2                      | 2,080.2                      |
| <b>Other Assets</b>                                                                                                                     |                              |                              |
| Regulatory assets                                                                                                                       | 2,225.2                      | 2,157.4                      |
| Goodwill                                                                                                                                | 1,485.9                      | 1,485.9                      |
| Deferred charges and other <sup>(2)</sup>                                                                                               | 809.4                        | 432.0                        |
| Total Other Assets                                                                                                                      | 4,520.5                      | 4,075.3                      |
| <b>Total Assets</b>                                                                                                                     | <b>\$ 35,858.7</b>           | <b>\$ 31,788.1</b>           |

<sup>(1)</sup>Includes \$1,312.7 million and \$1,323.8 million in 2025 and 2024, respectively, of net property, plant and equipment assets, \$90.1 million and \$65.0 million in 2025 and 2024, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

<sup>(2)</sup>Includes \$305.4 million in 2025 of advanced deposits of project costs of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**CONSOLIDATED BALANCE SHEETS**

| <i>(in millions, except share amounts)</i>                                                                                   | <b>December 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                        |                              |                              |
| <b>Capitalization</b>                                                                                                        |                              |                              |
| Stockholders' Equity                                                                                                         |                              |                              |
| Common stock - \$0.01 par value, 750,000,000 shares authorized; 478,432,058 and 469,822,472 shares outstanding, respectively | \$ 4.8                       | \$ 4.7                       |
| Treasury stock                                                                                                               | (99.9)                       | (99.9)                       |
| Additional paid-in capital                                                                                                   | 9,866.6                      | 9,521.5                      |
| Retained deficit                                                                                                             | (315.2)                      | (711.7)                      |
| Accumulated other comprehensive loss                                                                                         | (6.2)                        | (30.4)                       |
| Total NiSource Stockholders' Equity                                                                                          | 9,450.1                      | 8,684.2                      |
| Noncontrolling interest in consolidated subsidiaries                                                                         | 2,209.8                      | 1,984.1                      |
| Total Stockholders' Equity                                                                                                   | 11,659.9                     | 10,668.3                     |
| Long-term debt, excluding amounts due within one year                                                                        | 15,457.8                     | 12,074.5                     |
| Total Capitalization                                                                                                         | 27,117.7                     | 22,742.8                     |
| <b>Current Liabilities</b>                                                                                                   |                              |                              |
| Current portion of long-term debt                                                                                            | 19.7                         | 1,281.2                      |
| Short-term borrowings                                                                                                        | 736.0                        | 604.6                        |
| Accounts payable                                                                                                             | 1,124.5                      | 863.1                        |
| Customer deposits and credits                                                                                                | 283.4                        | 268.8                        |
| Taxes accrued                                                                                                                | 228.8                        | 173.4                        |
| Interest accrued                                                                                                             | 206.2                        | 157.0                        |
| Asset retirement obligations                                                                                                 | 55.0                         | 84.6                         |
| Exchange gas payable                                                                                                         | 125.4                        | 91.8                         |
| Regulatory liabilities                                                                                                       | 260.1                        | 150.5                        |
| Accrued compensation and employee benefits                                                                                   | 246.8                        | 268.2                        |
| Other accruals                                                                                                               | 171.5                        | 170.2                        |
| Total Current Liabilities <sup>(1)</sup>                                                                                     | 3,457.4                      | 4,113.4                      |
| <b>Other Liabilities</b>                                                                                                     |                              |                              |
| Deferred income taxes                                                                                                        | 2,500.1                      | 2,281.6                      |
| Accrued liability for postretirement and postemployment benefits                                                             | 153.1                        | 207.5                        |
| Regulatory liabilities                                                                                                       | 1,513.3                      | 1,431.2                      |
| Asset retirement obligations                                                                                                 | 781.9                        | 698.6                        |
| Other noncurrent liabilities and deferred credits                                                                            | 335.2                        | 313.0                        |
| Total Other Liabilities <sup>(1)</sup>                                                                                       | 5,283.6                      | 4,931.9                      |
| <b>Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")</b>                               |                              |                              |
| <b>Total Capitalization and Liabilities</b>                                                                                  | <b>\$ 35,858.7</b>           | <b>\$ 31,788.1</b>           |

<sup>(1)</sup>Includes \$56.9 million and \$53.7 million in 2025 and 2024, respectively, of current liabilities, \$55.7 million and \$58.3 million in 2025 and 2024, respectively, of other liabilities, and finance leases of \$40.1 million and \$40.4 million in 2025 and 2024, respectively, of consolidated VIEs that creditors do not have recourse to our general credit. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED CASH FLOWS**

| Year Ended December 31, (in millions)                                      | 2025             | 2024             | 2023              |
|----------------------------------------------------------------------------|------------------|------------------|-------------------|
| <b>Operating Activities</b>                                                |                  |                  |                   |
| Net Income                                                                 | \$ 1,012.6       | \$ 844.7         | \$ 674.4          |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: |                  |                  |                   |
| Depreciation and amortization                                              | 1,167.6          | 1,043.2          | 908.2             |
| Deferred income taxes and investment tax credits                           | 235.8            | 168.0            | 134.1             |
| Stock compensation expense and 401(k) profit sharing contribution          | 50.9             | 43.6             | 33.5              |
| Payments for asset retirement obligations                                  | (73.0)           | (72.5)           | (41.6)            |
| Other adjustments                                                          | 24.8             | (49.9)           | (15.0)            |
| Changes in Assets and Liabilities:                                         |                  |                  |                   |
| Accounts receivable                                                        | (273.4)          | (101.5)          | 184.1             |
| Gas storage and other inventories                                          | (60.3)           | 102.0            | 233.9             |
| Accounts payable                                                           | 131.8            | 71.5             | (171.8)           |
| Exchange gas receivable/payable                                            | 135.8            | (133.5)          | 126.5             |
| Other accruals                                                             | 67.9             | 9.5              | (102.9)           |
| Prepayments and other current assets                                       | (37.3)           | (75.9)           | 36.7              |
| Regulatory assets/liabilities                                              | 55.7             | (8.7)            | (26.2)            |
| Postretirement and postemployment benefits                                 | (46.1)           | (64.3)           | (22.0)            |
| Deferred charges and other noncurrent assets                               | (33.5)           | (20.8)           | (10.1)            |
| Other noncurrent liabilities and deferred credits                          | 3.0              | 26.1             | (6.7)             |
| <b>Net Cash Flows from Operating Activities</b>                            | <b>2,362.3</b>   | <b>1,781.5</b>   | <b>1,935.1</b>    |
| <b>Investing Activities</b>                                                |                  |                  |                   |
| Capital expenditures                                                       | (2,782.3)        | (2,614.0)        | (2,645.8)         |
| Cost of removal                                                            | (188.3)          | (166.8)          | (160.8)           |
| Purchases of available-for-sale securities                                 | (93.9)           | (17.8)           | (42.8)            |
| Sales of available-for-sale securities                                     | 39.3             | 93.2             | 39.9              |
| Milestone and final payments to renewable generation asset developers      | (1,098.7)        | (482.0)          | (761.4)           |
| Advanced deposits for project costs                                        | (373.8)          | (29.0)           | —                 |
| Other investing activities                                                 | (26.4)           | 3.4              | (0.7)             |
| <b>Net Cash Flows used for Investing Activities</b>                        | <b>(4,524.1)</b> | <b>(3,213.0)</b> | <b>(3,571.6)</b>  |
| <b>Financing Activities</b>                                                |                  |                  |                   |
| Proceeds from issuance of long-term debt                                   | 3,352.0          | 2,229.5          | 1,488.7           |
| Repayments of finance lease obligations                                    | (22.0)           | (25.6)           | (33.1)            |
| Repayments of long-term debt                                               | (1,260.0)        | —                | —                 |
| Repayment of short term credit agreements                                  | —                | (1,650.0)        | —                 |
| Issuance of short term credit agreements                                   | —                | —                | 650.0             |
| Net change in commercial paper and other short-term borrowings             | 131.4            | (794.0)          | 636.4             |
| Issuance of common stock, net of issuance costs                            | 312.1            | 612.6            | 12.9              |
| Redemption of preferred stock                                              | —                | (486.1)          | (393.9)           |
| Preferred stock redemption premium                                         | —                | (14.0)           | (6.2)             |
| Payment of obligation to renewable generation asset developer              | —                | —                | (347.2)           |
| Equity costs, premiums and other debt related costs                        | (26.8)           | (67.3)           | (30.2)            |
| Contributions from NIPSCO and GenCo minority interest holders              | 231.4            | 99.5             | 2,161.9           |
| Distributions to NIPSCO minority interest holders                          | (74.6)           | (50.3)           | —                 |
| Contributions from tax equity partners                                     | —                | —                | 240.9             |
| Distributions to tax equity partners                                       | (14.2)           | (16.1)           | (14.1)            |
| Dividends paid - common stock                                              | (530.4)          | (481.0)          | (413.5)           |
| Dividends paid - preferred stock                                           | —                | (8.2)            | (43.8)            |
| Contract liability payment                                                 | —                | —                | (66.6)            |
| <b>Net Cash Flows (used for) from Financing Activities</b>                 | <b>2,098.9</b>   | <b>(651.0)</b>   | <b>3,842.2</b>    |
| Change in cash, cash equivalents and restricted cash                       | (62.9)           | (2,082.5)        | 2,205.7           |
| Cash, cash equivalents and restricted cash at beginning of period          | 198.6            | 2,281.1          | 75.4              |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>         | <b>\$ 135.7</b>  | <b>\$ 198.6</b>  | <b>\$ 2,281.1</b> |
| <b>Reconciliation to Balance Sheet</b>                                     | <b>2025</b>      | <b>2024</b>      | <b>2023</b>       |
| Cash and cash equivalents                                                  | 110.1            | 156.6            | 2,245.4           |
| Restricted cash                                                            | 25.6             | 42.0             | 35.7              |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b>                    | <b>135.7</b>     | <b>198.6</b>     | <b>2,281.1</b>    |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY**

| <i>(in millions)</i>                                      | Common<br>Stock | Preferred<br>Stock <sup>(1)</sup> | Treasury<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Noncontrolling<br>Interest in<br>Consolidated<br>Subsidiaries | Total       |
|-----------------------------------------------------------|-----------------|-----------------------------------|-------------------|----------------------------------|---------------------|-----------------------------------------------|---------------------------------------------------------------|-------------|
| <b>Balance as of December 31, 2022</b>                    | \$ 4.2          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,375.3                       | \$ (1,213.6)        | \$ (37.1)                                     | \$ 326.4                                                      | \$ 7,901.8  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 714.3               | —                                             | (39.9)                                                        | 674.4       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.5                                           | —                                                             | 3.5         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.00 per share)                           | —               | —                                 | —                 | —                                | (414.1)             | —                                             | —                                                             | (414.1)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (43.8)              | —                                             | —                                                             | (43.8)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Issuance of noncontrolling interests <sup>(2)</sup>       | —               | —                                 | —                 | 809.6                            | —                   | —                                             | 1,361.1                                                       | 2,170.7     |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 233.2                                                         | 233.2       |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (14.1)                                                        | (14.1)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Equity Units                                              | 0.3             | (666.5)                           | —                 | 666.2                            | —                   | —                                             | —                                                             | —           |
| Series A Preferred stock redemption                       | —               | (393.9)                           | —                 | —                                | —                   | —                                             | —                                                             | (393.9)     |
| Series A Preferred stock redemption premium               | —               | —                                 | —                 | —                                | (9.8)               | —                                             | —                                                             | (9.8)       |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.9                              | —                   | —                                             | —                                                             | 5.9         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 12.6                             | —                   | —                                             | —                                                             | 12.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.9                              | —                   | —                                             | —                                                             | 9.9         |
| <b>Balance as of December 31, 2023</b>                    | \$ 4.5          | \$ 486.1                          | \$ (99.9)         | \$ 8,879.5                       | \$ (967.0)          | \$ (33.6)                                     | \$ 1,866.7                                                    | \$ 10,136.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 760.4               | —                                             | 84.3                                                          | 844.7       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.2                                           | —                                                             | 3.2         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.06 per share)                           | —               | —                                 | —                 | —                                | (483.0)             | —                                             | —                                                             | (483.0)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (8.1)               | —                                             | —                                                             | (8.1)       |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 99.5                                                          | 99.5        |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (66.4)                                                        | (66.4)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Series B and B-1 Preferred stock redemption               | —               | (486.1)                           | —                 | —                                | —                   | —                                             | —                                                             | (486.1)     |
| Series B and B-1 Preferred stock redemption premium       | —               | —                                 | —                 | —                                | (14.0)              | —                                             | —                                                             | (14.0)      |
| Employee stock purchase plan                              | —               | —                                 | —                 | 6.4                              | —                   | —                                             | —                                                             | 6.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 26.6                             | —                   | —                                             | —                                                             | 26.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.2                              | —                   | —                                             | —                                                             | 9.2         |
| ATM Program                                               | 0.2             | —                                 | —                 | 599.8                            | —                   | —                                             | —                                                             | 600.0       |
| <b>Balance as of December 31, 2024</b>                    | \$ 4.7          | \$ —                              | \$ (99.9)         | \$ 9,521.5                       | \$ (711.7)          | \$ (30.4)                                     | \$ 1,984.1                                                    | \$ 10,668.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 929.5               | —                                             | 83.1                                                          | 1,012.6     |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 24.2                                          | —                                                             | 24.2        |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.12 per share)                           | —               | —                                 | —                 | —                                | (533.0)             | —                                             | —                                                             | (533.0)     |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 231.4                                                         | 231.4       |
| Distributions to noncontrolling interests                 | —               | —                                 | —                 | —                                | —                   | —                                             | (88.8)                                                        | (88.8)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Employee stock purchase plan                              | —               | —                                 | —                 | 7.4                              | —                   | —                                             | —                                                             | 7.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 30.2                             | —                   | —                                             | —                                                             | 30.2        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.4                              | —                   | —                                             | —                                                             | 9.4         |
| ATM Program                                               | 0.1             | —                                 | —                 | 298.1                            | —                   | —                                             | —                                                             | 298.2       |
| <b>Balance as of December 31, 2025</b>                    | \$ 4.8          | \$ —                              | \$ (99.9)         | \$ 9,866.6                       | \$ (315.2)          | \$ (6.2)                                      | \$ 2,209.8                                                    | \$ 11,659.9 |

<sup>(1)</sup> Series A, Series B and Series C shares had an aggregate liquidation preference of \$400M, \$500M and \$863M, respectively.

<sup>(2)</sup> Relates to the NIPSCO Minority Interest Transaction. See Note 4, "Noncontrolling Interests," for additional discussion.

<sup>(3)</sup> Contributions from NIPSCO and GenCo (starting in 2025) minority interest holders included in noncontrolling interest is net of transaction costs.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (continued)**

| <i>(in thousands)</i>                  | Preferred    | Common         |                |                |
|----------------------------------------|--------------|----------------|----------------|----------------|
|                                        | Shares       | Shares         | Treasury       | Outstanding    |
| <b>Balance as of December 31, 2022</b> | <b>1,303</b> | <b>416,106</b> | <b>(3,963)</b> | <b>412,143</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 216            | —              | 216            |
| Long-term incentive plan               | —            | 758            | —              | 758            |
| 401(k) and profit sharing plan         | —            | 366            | —              | 366            |
| Equity Units <sup>(1)</sup>            | —            | 33,899         | —              | 33,899         |
| Redeemed:                              |              |                |                |                |
| Equity Units <sup>(1)</sup>            | (863)        | —              | —              | —              |
| Series A Preferred Stock               | (400)        | —              | —              | —              |
| <b>Balance as of December 31, 2023</b> | <b>40</b>    | <b>451,345</b> | <b>(3,963)</b> | <b>447,382</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 218            | —              | 218            |
| Long-term incentive plan               | —            | 769            | —              | 769            |
| 401(k) and profit sharing plan         | —            | 309            | —              | 309            |
| ATM Program                            | —            | 21,144         | —              | 21,144         |
| Redeemed:                              |              |                |                |                |
| Series B and B-1 Preferred Stock       | (40)         | —              | —              | —              |
| <b>Balance as of December 31, 2024</b> | <b>—</b>     | <b>473,785</b> | <b>(3,963)</b> | <b>469,822</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 186            | —              | 186            |
| Long-term incentive plan               | —            | 772            | —              | 772            |
| 401(k) and profit sharing plan         | —            | 231            | —              | 231            |
| ATM Program                            | —            | 7,421          | —              | 7,421          |
| <b>Balance as of December 31, 2025</b> | <b>—</b>     | <b>482,395</b> | <b>(3,963)</b> | <b>478,432</b> |

<sup>(1)</sup>See Note 6, "Equity," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**1. Nature of Operations and Summary of Significant Accounting Policies**

**A. Company Structure and Principles of Consolidation.** We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.8 million customers in six states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated 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.

**B. Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash, Cash Equivalents and Restricted Cash.** We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trusts to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, and holdbacks related to certain joint venture development agreements which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

**D. Accounts Receivable and Unbilled Revenue.** Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from their last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, weather and reasonable and supportable forecasts. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical collection experience, current market conditions and reasonable and supportable forecasts. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable, including amounts related to unbilled revenues.

**E. Investments in Debt Securities.** Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Available-for-sale debt securities" and "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. At each reporting period these investments are qualitatively and quantitatively assessed to determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. Impairments related to credit loss are recorded through an allowance for credit losses. Impairments that are not related to credit losses are included in other comprehensive income and are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2025, 2024 or 2023. Refer to Note 14, "Fair Value," for additional information.

**F. Basis of Accounting for Rate-Regulated Subsidiaries.** Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be billed and collected. Certain expenses and credits subject to utility regulation or rate determination that would normally be reflected in income for non-regulated entities are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

We continually evaluate whether or not our operations are within the scope of ASC 980 and rate regulations. As part of that analysis, we evaluate probability of recovery for our regulatory assets. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 12, "Regulatory Matters," for additional information.

**G. Plant and Other Property and Related Depreciation and Maintenance.** Property, plant and equipment (principally utility plant) is stated at cost. Our rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties, as approved by the appropriate regulators.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Non-utility property, consisting of renewable generation assets owned by JVs of which we are the primary beneficiary and certain retired regulatory assets described below, is generally depreciated over the life of the associated assets. Refer to Note 9, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies where provided for in rates, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our consolidated pre-tax rate for AFUDC was 3.6% in 2025, 4.8% in 2024 and 3.9% in 2023.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the gross amounts are classified as "Non-Utility and Other" as described in Note 9, "Property, Plant and Equipment." If the asset is no longer operating but still subject to recovery, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

External and internal costs associated with on-premises computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets, with the associated internal-use software capitalized to plant if the we have a contractual right to take possession of the software at any time during the hosting period without significant penalty and it is feasible for us to either run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonably expected to be exercised.

**H. Goodwill and Other Intangible Assets.** Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches. See Note 10, "Goodwill," for additional information.

**I. Accounts Receivable Transfer Programs.** Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2025 and 2024 Consolidated Balance Sheets. When amounts are securitized, the short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 7, "Short-Term Borrowings," for further information.

**J. Gas Cost and Fuel Adjustment Clause.** Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 12, "Regulatory Matters," for additional information.

**K. Gas Storage and Other Inventories.** Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was \$42.5 million and \$43.8 million at December 31, 2025 and 2024, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by \$7.6 million at December 31, 2025 and was less than the stated LIFO cost by \$12.8 million at December 31, 2024. As all LIFO inventory costs are collected from customers through our rate-regulated subsidiaries, no inventory impairment has been recorded. Gas inventory valued using the weighted average cost methodology was \$209.5 million at December 31, 2025 and \$135.8 million at December 31, 2024.

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Materials and supplies are valued using the weighted average cost inventory methodology. Materials and supplies are charged to expense or capitalized to property, plant and equipment when issued.

**L. Accounting for Exchange and Balancing Arrangements of Natural Gas.** Our Columbia Operations and NIPSCO Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under an exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on our Consolidated Balance Sheets, as appropriate.

**M. Accounting for Risk Management Activities.** We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We do not offset the fair value amounts recognized for any of our derivative instruments against the fair value amounts recognized for the right to reclaim cash collateral or obligation to return cash collateral for derivative instruments executed with the same counterparty under a master netting arrangement. See Note 13, "Risk Management Activities," for additional information.

**N. Income Taxes and Investment Tax Credits.** Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits and production tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over a 10 year period and 1 year period, respectively. Furthermore, the tax basis of the asset is reduced by 50% of the ITCs received, resulting in a net deferred tax asset.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries generally file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement under which income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax. Effective January 1, 2024, NIPSCO Accounts Receivable Corporation is no longer included in the consolidated group and now files a separate income tax return.

**O. Pension Remeasurement.** We utilize a third-party actuary for the purpose of performing actuarial valuations of our defined benefit plans. Annually, as of December 31, we perform a remeasurement for our defined benefit plans. Quarterly, we monitor for significant events, and if a significant event is identified, we perform a qualitative and quantitative assessment to determine if the resulting remeasurement would materially impact the NiSource financial statements. If material, an interim remeasurement is performed. See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**P. Environmental Expenditures.** We accrue for costs associated with environmental remediation obligations, including expenditures related to asset retirement obligations and cost of removal, when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other accruals" for short-term portions of these liabilities and "Other noncurrent liabilities and deferred credits" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 11, "Asset Retirement Obligations," and Note 19, "Other Commitments and Contingencies," for further information.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Q. Excise Taxes.** As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense on the Statements of Consolidated Income.

**R. Accrued Insurance Liabilities.** We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information.

**S. Noncontrolling Interest.** We maintain a controlling financial interest in certain of our less than wholly owned subsidiaries. We consolidate these subsidiaries as either voting interest entities or VIEs and present the third-party investors' portion of our net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Consolidated Balance Sheet.

In December 2023, the NIPSCO Minority Interest Transaction closed and a 19.9% equity interest in NIPSCO Holdings II, the sole owner of NIPSCO, was issued to an affiliate of Blackstone. NIPSCO Holdings II does not meet the criteria of a VIE and instead is consolidated under the voting interest model in accordance with ASC 810 as we maintain control through a majority interest in NIPSCO Holdings II.

In October 2025, the GenCo Minority Interest Transaction closed and a 19.9% equity interest in Generation Holdings II, the sole owner of GenCo, was issued to affiliates of Blackstone. Generation Holdings II meets the criteria of a VIE and is consolidated in accordance with ASC 810 as we control the decisions that are significant to the VIE's ongoing operations and economic results (i.e., we are the primary beneficiary).

Refer to Note 4, "Noncontrolling Interests," for further discussion on the NIPSCO Minority Interest Transaction and GenCo Minority Interest Transaction.

We fund a portion of our renewable generation assets through JVs with tax equity partners. We consolidate these JVs in accordance with ASC 810 as they are VIEs in which we hold a variable interest, and we control decisions that are significant to the JVs' ongoing operations and economic results (i.e., we are the primary beneficiary).

These JVs are subject to profit sharing arrangements in which the allocation of the JVs' cash distributions and tax benefits to members is based on factors other than members' relative ownership percentages. As such, we utilize the HLBV method to allocate proceeds to each partner at the balance sheet date based on the liquidation provisions of the related JV's operating agreement and adjust the amount of the VIE's net income attributable to us and the noncontrolling tax equity member during the period.

In each reporting period, the application of HLBV to our consolidated VIEs results in a difference between the amount of profit from the consolidated JVs and the amount included in regulated rates. As discussed above in "F. Basis of Accounting for Rate-Regulated Subsidiaries," we are subject to the accounting and reporting requirements of ASC 980. In accordance with these principles, we recognize a regulatory liability or asset for amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The amounts recorded in income will ultimately reflect the amount allowed in regulated rates to recover our investments over the useful life of the projects. The offset to the regulatory liability or asset associated with our renewable investments included in regulated rates is recorded in "Depreciation expense" on the Statements of Consolidated Income.

## **2. Recent Accounting Pronouncements**

### **Recently Issued Accounting Pronouncements**

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This pronouncement updates the guidance on capitalization of internal-use software, including removing the development stages utilized for evaluation of when certain activities are capital eligible. The ASU instead provides that an entity is required to start capitalizing eligible software

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

development costs when (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended, which is referred to as the "probable-to-complete recognition threshold". This probable-to-complete threshold includes an evaluation of whether there is significant uncertainty associated with the development activities of the software. The ASU is effective for fiscal years beginning after December 15, 2027. We are currently evaluating the impacts this amendment will have on our internal-use software capitalization policy.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40). This pronouncement requires disaggregated disclosure of income statement expenses for public business entities. The ASU requires disclosure in tabular format of disaggregation of relevant expense captions presented on the income statement by certain natural expense categories with certain related qualitative disclosures within the notes to the financial statements. The ASU does not change the expense captions an entity presents on the income statement. The ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, as defined in ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40). We are currently evaluating the impacts this amendment will have on our required disclosures.

**Recently Adopted Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This pronouncement enhances required income tax disclosures. The pronouncement requires disclosure of specific categories and reconciling items included in the rate reconciliation, disaggregation between federal, state and local income taxes paid, and disclosure of income taxes paid by jurisdictions over a certain threshold. Additionally, the pronouncement eliminates certain required disclosures related to unrecognized tax benefits. We have adopted this ASU on a retrospective basis in the income tax footnote 15, for the year ended December 31, 2025.

**3. Revenue Recognition**

**Customer Revenues.** Substantially all of our revenues are tariff-based. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract, which creates enforceable rights and obligations. Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer deposits and credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage exceeds payments received.

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

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs, subject to reconciliation, and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in "Regulatory assets" or "Regulatory liabilities" on the Consolidated Balance Sheets and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. Distribution revenues are generally considered daily or "at-will" contracts as customers may cancel their service at any time (subject to notification requirements), and revenue generally represents the amount we are entitled to bill customers.

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



**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Revenue Disaggregation and Reconciliation.** We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As of January 1, 2024, we have changed our reportable segments from Gas Distribution Operations and Electric Operations to Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. For additional information see Note 21, "Business Segment Information".

The Columbia Operations segment provides regulated natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. The NIPSCO Operations segment provides regulated gas and electric service in northern Indiana for residential, commercial and industrial customers.

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

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Statements of Consolidated Income:

| <i>Year Ended December 31, 2025 (in millions)</i> | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total      |
|---------------------------------------------------|------------------------|----------------------|------------------------|------------|
| <b>Gas Distribution</b>                           |                        |                      |                        |            |
| Residential                                       | \$ 2,279.9             | \$ 708.0             | \$ —                   | \$ 2,987.9 |
| Commercial                                        | 763.7                  | 270.0                | —                      | 1,033.7    |
| Industrial                                        | 167.4                  | 100.2                | —                      | 267.6      |
| Off-system                                        | 75.8                   | —                    | —                      | 75.8       |
| Wholesale                                         | 2.1                    | —                    | —                      | 2.1        |
| Miscellaneous <sup>(1)</sup>                      | 35.9                   | 13.5                 | —                      | 49.4       |
| <b>Subtotal</b>                                   | \$ 3,324.8             | \$ 1,091.7           | \$ —                   | \$ 4,416.5 |
| <b>Electric Generation and Power Delivery</b>     |                        |                      |                        |            |
| Residential                                       | \$ —                   | \$ 768.4             | \$ —                   | \$ 768.4   |
| Commercial                                        | —                      | 713.9                | —                      | 713.9      |
| Industrial                                        | —                      | 578.3                | —                      | 578.3      |
| Wholesale                                         | —                      | 45.1                 | —                      | 45.1       |
| Public Authority                                  | —                      | 9.5                  | —                      | 9.5        |
| Miscellaneous <sup>(1)</sup>                      | —                      | (8.9)                | —                      | (8.9)      |
| <b>Subtotal</b>                                   | \$ —                   | \$ 2,106.3           | \$ —                   | \$ 2,106.3 |
| <b>Total Customer Revenues<sup>(2)</sup></b>      | 3,324.8                | 3,198.0              | —                      | 6,522.8    |
| <b>Other Revenues<sup>(3)</sup></b>               | 5.2                    | 109.3                | 4.9                    | 119.4      |
| <b>Total Operating Revenues</b>                   | \$ 3,330.0             | \$ 3,307.3           | \$ 4.9                 | \$ 6,642.2 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily relate to alternate revenue programs, including weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets. Amounts included in Corporate and Other primarily relate to products and services revenue.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, 2024 <i>(in millions)</i>    | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total             |
|------------------------------------------------------|------------------------|----------------------|------------------------|-------------------|
| <b><i>Gas Distribution</i></b>                       |                        |                      |                        |                   |
| Residential                                          | \$ 1,833.8             | \$ 531.4             | \$ —                   | \$ 2,365.2        |
| Commercial                                           | 580.3                  | 199.2                | —                      | 779.5             |
| Industrial                                           | 144.2                  | 79.0                 | —                      | 223.2             |
| Off-system                                           | 42.6                   | —                    | —                      | 42.6              |
| Wholesale                                            | 1.2                    | —                    | —                      | 1.2               |
| Miscellaneous <sup>(1)</sup>                         | 26.3                   | 15.4                 | —                      | 41.7              |
| <b>Subtotal</b>                                      | <b>\$ 2,628.4</b>      | <b>\$ 825.0</b>      | <b>\$ —</b>            | <b>\$ 3,453.4</b> |
| <b><i>Electric Generation and Power Delivery</i></b> |                        |                      |                        |                   |
| Residential                                          | —                      | 649.9                | —                      | 649.9             |
| Commercial                                           | —                      | 620.4                | —                      | 620.4             |
| Industrial                                           | —                      | 499.1                | —                      | 499.1             |
| Wholesale                                            | —                      | 38.3                 | —                      | 38.3              |
| Public Authority                                     | —                      | 8.1                  | —                      | 8.1               |
| Miscellaneous <sup>(1)</sup>                         | —                      | 13.7                 | —                      | 13.7              |
| <b>Subtotal</b>                                      | <b>\$ —</b>            | <b>\$ 1,829.5</b>    | <b>\$ —</b>            | <b>\$ 1,829.5</b> |
| <b>Total Customer Revenues<sup>(2)</sup></b>         | <b>\$ 2,628.4</b>      | <b>\$ 2,654.5</b>    | <b>\$ —</b>            | <b>\$ 5,282.9</b> |
| <b>Other Revenues<sup>(3)</sup></b>                  | <b>74.8</b>            | <b>96.5</b>          | <b>0.9</b>             | <b>172.2</b>      |
| <b>Total Operating Revenues</b>                      | <b>\$ 2,703.2</b>      | <b>\$ 2,751.0</b>    | <b>\$ 0.9</b>          | <b>\$ 5,455.1</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, 2023 (in millions)    | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total             |
|-----------------------------------------------|------------------------|----------------------|------------------------|-------------------|
| <b>Gas Distribution</b>                       |                        |                      |                        |                   |
| Residential                                   | \$ 1,827.5             | \$ 635.0             | \$ —                   | \$ 2,462.5        |
| Commercial                                    | 598.9                  | 249.0                | —                      | 847.9             |
| Industrial                                    | 139.0                  | 87.0                 | —                      | 226.0             |
| Off-system                                    | 60.6                   | —                    | —                      | 60.6              |
| Wholesale                                     | 1.6                    | —                    | —                      | 1.6               |
| Miscellaneous <sup>(1)</sup>                  | 33.4                   | 14.8                 | —                      | 48.2              |
| <b>Subtotal</b>                               | <b>\$ 2,661.0</b>      | <b>\$ 985.8</b>      | <b>\$ —</b>            | <b>\$ 3,646.8</b> |
| <b>Electric Generation and Power Delivery</b> |                        |                      |                        |                   |
| Residential                                   | \$ —                   | \$ 583.9             | \$ —                   | \$ 583.9          |
| Commercial                                    | —                      | 578.1                | —                      | 578.1             |
| Industrial                                    | —                      | 474.1                | —                      | 474.1             |
| Wholesale                                     | —                      | 32.0                 | —                      | 32.0              |
| Public Authority                              | —                      | 11.5                 | —                      | 11.5              |
| Miscellaneous <sup>(1)</sup>                  | —                      | 21.4                 | —                      | 21.4              |
| <b>Subtotal</b>                               | <b>\$ —</b>            | <b>\$ 1,701.0</b>    | <b>\$ —</b>            | <b>\$ 1,701.0</b> |
| <b>Total Customer Revenues<sup>(2)</sup></b>  | <b>\$ 2,661.0</b>      | <b>\$ 2,686.8</b>    | <b>\$ —</b>            | <b>\$ 5,347.8</b> |
| <b>Other Revenues<sup>(3)</sup></b>           | <b>72.9</b>            | <b>83.9</b>          | <b>0.8</b>             | <b>157.6</b>      |
| <b>Total Operating Revenues</b>               | <b>\$ 2,733.9</b>      | <b>\$ 2,770.7</b>    | <b>\$ 0.8</b>          | <b>\$ 5,505.4</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to late fees, property rentals, revenue refunds and adjustments.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

**Customer Accounts Receivable.** Accounts receivable on our Consolidated Balance Sheets includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of their 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. A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, primarily from November through March, revenues and receivables from gas sales are more significant than in other months. The opening and closing balances of customer receivables for the year ended December 31, 2025, 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<br>Receivable, Billed<br>(less reserve) | Customer Accounts<br>Receivable, Unbilled<br>(less reserve) |
|---------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Balance as of December 31, 2024 | \$ 525.1                                                  | \$ 408.1                                                    |
| Balance as of December 31, 2025 | 698.8                                                     | 465.2                                                       |

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 collectability. 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

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

supportable forecasts. Internal and external inputs are used in our credit model including, but not limited to, revenue projections, actual charge-offs data, recoveries data, shut-offs, security deposits and final bill data. We continuously evaluate available information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or following 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 including, but not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and current economic conditions. Bad debt expense for the year ended December 31, 2025 was \$16.5 million higher than the prior year primarily due to increases in aged receivables and anticipated higher delinquencies following colder weather in the fourth quarter.

At each reporting period, we record expected credit losses to an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses as of December 31, 2025 and December 31, 2024, are presented in the tables below:

| <i>(in millions)</i>                         | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total   |
|----------------------------------------------|------------------------|----------------------|------------------------|---------|
| <b>Balance as of December 31, 2024</b>       | \$ 9.8                 | \$ 13.9              | \$ —                   | \$ 23.7 |
| Current period provisions                    | 42.3                   | 25.0                 | —                      | 67.3    |
| Write-offs charged against allowance         | (50.8)                 | (15.0)               | —                      | (65.8)  |
| Recoveries of amounts previously written off | 14.3                   | 1.1                  | —                      | 15.4    |
| <b>Balance as of December 31, 2025</b>       | \$ 15.6                | \$ 25.0              | \$ —                   | \$ 40.6 |

| <i>(in millions)</i>                         | Columbia<br>Operations | NIPSCO<br>Operations | Corporate and<br>Other | Total   |
|----------------------------------------------|------------------------|----------------------|------------------------|---------|
| <b>Balance as of December 31, 2023</b>       | \$ 10.2                | \$ 11.9              | \$ 0.8                 | \$ 22.9 |
| Current period provisions                    | 26.7                   | 12.1                 | —                      | 38.8    |
| Write-offs charged against allowance         | (43.9)                 | (11.0)               | (0.8)                  | (55.7)  |
| Recoveries of amounts previously written off | 16.8                   | 0.9                  | —                      | 17.7    |
| <b>Balance as of December 31, 2024</b>       | \$ 9.8                 | \$ 13.9              | \$ —                   | \$ 23.7 |

**4. Noncontrolling Interests**

Variable Interest Entities.

A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for information on our accounting policy for the VIEs.

NIPSCO is the managing member and operator of two wind JVs, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO is also a managing member and operator of two solar JVs, Indiana Crossroads Solar and Dunns Bridge I, which have a nameplate capacity of 200 MW and 265 MW, respectively. We have determined that these JVs are VIEs. NIPSCO controls decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include 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. NIPSCO and each tax equity partner contributed cash to the respective JV. Once the tax equity partner has earned their negotiated rate of return and the JV has reached a stated contractual date, NIPSCO has the option to purchase the remaining interest in the respective JV from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by each commercially operational JV.

We did not provide any financial or other support for the JVs during the year that was not contractually required.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Our Consolidated Balance Sheets included the following assets and liabilities associated with the JV VIEs.

| <i>(in millions)</i>                      | <b>December 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|-------------------------------------------|------------------------------|------------------------------|
| Net Property, Plant and Equipment         | \$ 1,273.0                   | \$ 1,323.8                   |
| Current assets                            | 27.6                         | 65.0                         |
| <b>Total assets<sup>(1)(2)</sup></b>      | <b>1,300.6</b>               | <b>1,388.8</b>               |
| Current liabilities                       | 16.1                         | 53.7                         |
| Asset retirement obligations              | 55.7                         | 58.3                         |
| Finance lease obligations                 | 40.1                         | 40.4                         |
| <b>Total liabilities<sup>(1)(2)</sup></b> | <b>\$ 111.9</b>              | <b>\$ 152.4</b>              |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

<sup>(2)</sup>In addition to the amounts disclosed above there is a de minimis amount of other noncurrent assets and liabilities at Rosewater as of December 31, 2025.

**GenCo Minority Interest Transaction.** In October 2025, NiSource issued a 19.9% equity interest in Generation Holdings II, the sole owner of GenCo, to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, “Blackstone Investor”), in exchange for \$35.2 million in cash contributions to Generation Holdings II through the Generation Holdings II LLC Agreement. Generation Holdings II is the sole owner of GenCo. Generation Holding II is considered a VIE as it passes the variability of its operating results through to its shareholders (Generation Holdings I and Blackstone Investor) and has insufficient equity to finance its activities without additional subordinated financial support. The sole purpose of the VIE is to own and operate GenCo which will acquire and build generation assets and provide capacity and electricity to support data center customers. Generation Holdings II and its wholly owned subsidiary, GenCo, is a consolidated VIE, as we have the power to direct the significant decision-making activities that most impact the ongoing operations and economic performance of the entity (i.e., we are the primary beneficiary) including business development and operating decisions.

The Generation Holdings II LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Generation Holdings II. Specifically, under the terms of the Generation Holdings II LLC Agreement, Blackstone Investor will provide up to \$1.325 billion in additional capital contributions over a seven-year period, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof. Under the Generation Holdings II LLC Agreement, Blackstone Investor is entitled to appoint two directors to the board of directors of Generation Holdings II (the “Board”) so long as Blackstone Investor (together with any approved affiliate) holds at least a 17.5% Percentage Interest (as defined in the Generation Holdings II LLC Agreement). The Board is comprised of seven directors, two appointed by Blackstone Investor and five appointed by NiSource. The Generation Holdings II LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone Investor approval for Generation Holdings II to take certain major actions outside of the normal course of business. In addition, the Generation Holdings II LLC Agreement contains certain terms surrounding transfer rights and other obligations applicable to both Blackstone Investor and NiSource. Under the Generation Holdings II LLC Agreement, Generation Holdings II has agreed that, so long as Blackstone Investor holds a 14.9% or greater percentage interest in Generation Holdings II, Generation Holdings II and/or its subsidiaries and NIPSCO Holdings II and/or its subsidiaries shall be the exclusive vehicles for all power, storage and generation requirements for data center customers within NIPSCO’s service territory. The Generation Holdings II LLC Agreement also establishes that NiSource will be attributed 80.1% of any profit or loss from Generation Holdings II, through its wholly owned subsidiary GenCo, with the Blackstone Investor being attributed the remaining 19.9% of any profit or loss.

For the twelve months ended December 31, 2025, Generation Holdings I contributed \$344.9 million in cash and assets and the Blackstone Investor contributed \$76.9 million in cash to Generation Holdings II. For the twelve months ended December 31, 2025, Generation Holdings I received a distribution of \$35.2 million from Generation Holdings II.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Our Consolidated Balance Sheets included the following assets and liabilities associated with GenCo:

| <i>(in millions)</i>              | <b>December 31,<br/>2025</b> |
|-----------------------------------|------------------------------|
| Net Property, Plant and Equipment | \$ 39.7                      |
| Current assets                    | 62.5                         |
| Other assets                      | 305.4                        |
| Total assets <sup>(1)</sup>       | 407.6                        |
| Current liabilities               | 40.8                         |
| Total liabilities <sup>(1)</sup>  | \$ 40.8                      |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

**Voting Interest Entities**

***NIPSCO Minority Interest Transaction.*** In December 2023, we consummated the NIPSCO Minority Interest Transaction for a capital contribution of \$2.16 billion in cash. The difference between the \$2.16 billion consideration received and the \$1.36 billion carrying value of the noncontrolling interest claim on net assets was recorded to additional paid-in capital, net of \$54.7 million in transaction costs and a \$63.5 million income tax benefit. We retain a controlling financial interest in NIPSCO Holdings II and its subsidiaries and consolidate their financial results. For the twelve months ending December 31, 2025, we received \$154.4 million of contributions and made \$74.6 million of distributions to our NIPSCO minority interest holders. For the twelve months ending December 31, 2024 we received \$99.5 million of contributions and made \$50.3 million of distributions to our NIPSCO minority interest holders. See Note 19, "Other Commitments and Contingencies - E. Other Matters," for a detailed discussion of the NIPSCO Holdings II LLC Agreement and governance structure.

In October 2025, the members of NIPSCO Holdings II entered into the Amended LLC Agreement, which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by Blackstone Investor by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries.

**5. Earnings Per Share**

The calculations of basic and diluted EPS are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Diluted EPS includes the incremental effects of the various long-term incentive compensation plans and ATM forward sale agreements under the treasury stock method when the impact would be dilutive. For the purposes of determining diluted EPS, for the twelve months ended December 31, 2023, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding using the if-converted method under US GAAP and we assumed share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period. This method assumes conversion at the beginning of the reporting period, or at time of issuance, if later. The purchase contracts were settled on December 1, 2023. For the purchase contracts, the number of shares of our common stock that would have been issuable at the end of each reporting period prior to the settlement date were reflected in the denominator of our diluted EPS calculation. A numerator adjustment was reflected in the calculation of diluted EPS for interest expense incurred in 2023, net of tax, related to the purchase contracts.

The shares underlying the Series C Mandatory Convertible Preferred Stock included within the Equity Units were contingently convertible as the conversion was contingent on a successful remarketing. Contingently convertible shares where conversion was not tied to a market price trigger were excluded from the calculation of diluted EPS until such time as the contingency had been resolved under the if-converted method. The unsuccessful remarketing resolved the contingency and no shares were reflected in the denominator for the years ended December 31, 2023, for the calculation of diluted EPS.

We began using the two-class method of computing earnings per share in 2023 because we have participating securities in the form of non-vested restricted stock units with a non-forfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by giving effect to all potential shares of common stock, to the extent they are dilutive. Refer to Note 6, "Equity," for additional information.

The following table presents the calculation of our basic and diluted EPS:

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2025     | 2024     | 2023     |
|------------------------------------------------------------------------|----------|----------|----------|
| <b>Numerator:</b>                                                      |          |          |          |
| Net Income Available to Common Shareholders                            | \$ 929.5 | \$ 739.7 | \$ 661.7 |
| Less: Income allocated to participating securities                     | 2.6      | 1.6      | 0.6      |
| Net Income Available to Common Shareholders - Basic                    | \$ 926.9 | \$ 738.1 | \$ 661.1 |
| Add: Dilutive effect of Equity Units                                   | —        | —        | 1.4      |
| Net Income Available to Common Shareholders - Diluted                  | \$ 926.9 | \$ 738.1 | \$ 662.5 |
| <b>Denominator:</b>                                                    |          |          |          |
| Average common shares outstanding - Basic                              | 472.9    | 454.2    | 416.1    |
| Dilutive potential common shares:                                      |          |          |          |
| Equity Units purchase contracts                                        | —        | —        | 29.8     |
| Equity Units purchase contract payment balance                         | —        | —        | 0.9      |
| Shares contingently issuable under employee stock plans                | 1.2      | 0.9      | 0.7      |
| Shares restricted under employee stock plans                           | 0.3      | 0.3      | 0.4      |
| ATM Forward sale agreements                                            | 0.1      | 0.6      | —        |
| Average Common Shares - Diluted                                        | 474.5    | 456.0    | 447.9    |
| <b>Earnings per common share:</b>                                      |          |          |          |
| Basic                                                                  | \$ 1.96  | \$ 1.63  | \$ 1.59  |
| Diluted                                                                | \$ 1.95  | \$ 1.62  | \$ 1.48  |

**6. Equity**

Holders of shares of our common stock are entitled to receive dividends when, as, and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have certain debt covenants that could restrict our ability to pay dividends or potentially limit the amount of dividends we could pay in order to maintain compliance with these covenants. Refer to Note 8, "Long-Term Debt," for more information. As of December 31, 2025, these covenants did not restrict our ability to pay dividends or the amount of dividends that were available to be paid.

There is no preferred stock outstanding as of December 31, 2025.

Common and preferred stock activity for 2025, 2024 and 2023 is described further below.

Details of our 2024 ATM program are summarized below:

- In February 2024, we entered into eight separate equity distribution agreements providing for the sale of up to an aggregate of \$900.0 million of our common stock.
- During 2024, we executed and settled four forward sale agreements. Under these agreements, we issued 21,143,900 shares resulting in net proceeds of \$600.3 million.
- In February 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,000,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$40.10 per share. In September 2025, we settled the forward sale agreement in shares for \$80.0 million, based on a net price of \$40.02 per share.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

- In March 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,707,320 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.00 per share. In September 2025, we settled the forward sale agreement in shares for \$69.9 million, based on a net price of \$40.92 per share.
- In June 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,518,393 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$39.71 per share. In September 2025, we settled the forward sale agreement in shares for \$99.1 million, based on a net price of \$39.36 per share.
- In October 2025, with the commencement of our 2025 ATM program discussed below, we terminated the equity distribution agreements entered into in February 2024 in connection with the 2024 ATM program.

Details of our 2025 ATM program are summarized below:

- In October 2025, we entered into eleven separate equity distribution agreements providing for the sale of up to an aggregate of \$1.5 billion of our common stock.
- In October 2025, we executed a direct sale agreement of 1,195,029 shares at a price of \$41.84 resulting in net proceeds of \$49.6 million received in November 2025.
- In October 2025, we executed a forward sale agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,390,057 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.84 per share. We may settle the forward sale agreement in shares, cash or net shares by October 2026. Had we settled all the shares under the forward sale agreement at December 31, 2025, we would have received approximately \$99.7 million, based on a net price of \$41.73 per share.
- As of December 31, 2025, the 2025 ATM program inclusive of the forward sale agreement had approximately \$1.35 billion of equity capacity available. The 2025 ATM program expires in December 2028.

**Series A Preferred Stock.** During 2023, there were \$28.25 dividends declared per share for the Series A Preferred Stock. There were no dividends declared per share for the Series A Preferred Stock during 2024 and 2025.

In June 2023, we redeemed all 400,000 outstanding shares of Series A Preferred Stock for a redemption price of \$1,000 per share or \$400.0 million in total.

**Series B and B-1 Preferred Stock.** During 2024 and 2023, dividends declared per share for the Series B Preferred Stock were \$406.25 and \$1,625.0, respectively. There were no dividends declared per share for the Series B Preferred Stock during 2025.

In March 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total. Following the redemption, dividends ceased to accrue on the shares of Series B Preferred Stock, shares of the Series B Preferred Stock and Series B-1 Preferred Stock were no longer deemed outstanding and all rights of the holders of such shares of Series B Preferred Stock and Series B-1 Preferred Stock terminated. In conjunction with the redemption, we recorded a \$14.0 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series B Preferred Stock and Series B-1 Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during the first quarter of 2024. We did not recognize an excise tax liability under the IRA in connection with this redemption as we issued common stock in 2024 in excess of the fair value of the Series B Preferred Stock and Series B-1 Preferred Stock redeemed.

In March 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series B Preferred Stock and the Certificate of Designations with respect to



**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

the Series B-1 Preferred Stock. As a result, the 20,000 shares that were previously designated as Series B Preferred Stock and the 20,000 shares that were previously designated as Series B-1 Preferred Stock were returned to the status of authorized but unissued shares of preferred stock, par value \$0.01 per share, without designation as to series. The Certificate of Elimination does not change the total number of authorized shares of capital stock of NiSource or the total number of authorized shares of preferred stock. We voluntarily delisted the preferred stock from the New York Stock Exchange in March 2024.

**Equity Units.** In December 2023, we issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units. As of December 2023, each holder of Corporate Units was deemed to have automatically delivered to us the related Series C Mandatory Convertible Preferred Stock that were components of the Corporate Units in full satisfaction of such holder's obligations under the related purchase contract, and all 862,500 shares of Series C Mandatory Convertible Preferred Stock were returned to the status of authorized but unissued preferred stock, par value of \$0.01 per share, without designation as to series. We voluntarily delisted the Corporate Units from the New York Stock Exchange in December 2023. Refer to Note 5, "Earnings Per Share," for additional information regarding our treatment of the Equity Units for diluted EPS.

**Noncontrolling Interest in Consolidated Subsidiaries.** As of December 31, 2025 and 2024, NIPSCO and tax equity partners have completed their cash contributions into the Indiana Crossroads Wind, Rosewater, Indiana Crossroads Solar and Dunn's Bridge I JVs. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the respective tax equity partners in varying percentages by category and over the life of the partnership. The tax equity partner's contributions, net of these allocations, is represented as a noncontrolling interest within total equity on the Consolidated Balance Sheets. Refer to Note 4, "Noncontrolling Interests," for more information.

In December 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued a 19.9% equity interest in NIPSCO Holdings II LLC to BIP in exchange for a capital contribution of \$2.16 billion in cash. Transaction costs and deferred tax impacts of \$54.7 million and \$63.5 million, respectively, were recorded during the period ending December 31, 2023. Refer to Note 4, "Noncontrolling Interests," Note 15, "Income Taxes," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to the Consolidated Financial Statements for more information on this transaction.

In October 2025, NiSource issued a 19.9% direct equity interest in NiSource's wholly-owned subsidiary Generation Holdings II to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million. In October 2025, simultaneously with issuance of the 19.9% equity interest in Generation Holdings II, Blackstone Investor, Generation Holdings I, Generation Holdings II and NiSource entered into Generation Holdings II LLC Agreement. Refer to Note 4, "Noncontrolling Interests," and Note 19, "Other Commitments and Contingencies - E. Other Matters," for more information.

## **7. 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.

**Revolving Credit Facility.** We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, the issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a facility limit of \$2.50 billion and is comprised of a syndicate of banks. In December 2025, we extended the termination date of our revolving credit facility to December 2030 and increased our facility limit from \$1.85 billion to \$2.50 billion. At December 31, 2025 and 2024, we had no outstanding borrowings under this facility.

**Commercial Paper Program.** In February 2024, we increased our program limit from \$1.50 billion to \$1.85 billion. We had \$736.0 million and \$604.6 million of commercial paper outstanding with weighted-average interest rates of 3.92% and 4.73% as of December 31, 2025 and 2024, respectively.

**Accounts Receivable Transfer Programs.** 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 consolidated special purpose entities. The three agreements expire between May 2026 and October 2026 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.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. As of December 31, 2025, the maximum amount we could borrow related to our accounts receivable programs is \$175.0 million.

We had no short-term borrowings related to the securitization transactions as of December 31, 2025 and 2024, respectively.

For the year ended December 31, 2025 and 2024, zero and \$337.6 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the accounts receivable transfer programs, we pay used facility fees for amounts borrowed, unused commitment fees for amounts not borrowed and upfront renewal fees. Fees associated with the securitization transactions were \$1.4 million, \$1.5 million, and \$2.7 million for the years ended December 31, 2025, 2024 and 2023, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting the receivables securitized, and the receivables cannot be transferred to another party. Refer to Note 23, "Interest Expense, Net," for additional information on securitization transaction fees.

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

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**8. Long-Term Debt**

Our long-term debt as of December 31, 2025 and 2024 is as follows:

| Long-term debt type                                   | Maturity as of December 31, 2025 | Weighted average interest rate (%) | Outstanding balance as of December 31, (in millions) |                   |
|-------------------------------------------------------|----------------------------------|------------------------------------|------------------------------------------------------|-------------------|
|                                                       |                                  |                                    | 2025                                                 | 2024              |
| <b>Senior notes:</b>                                  |                                  |                                    |                                                      |                   |
| NiSource                                              | August 2025                      | 0.950 %                            | \$ —                                                 | \$ 1,250.0        |
| NiSource                                              | May 2027                         | 3.490 %                            | 1,000.0                                              | 1,000.0           |
| NiSource                                              | December 2027                    | 6.780 %                            | 3.0                                                  | 3.0               |
| NiSource                                              | March 2028                       | 5.250 %                            | 1,050.0                                              | 1,050.0           |
| NiSource                                              | July 2029                        | 5.200 %                            | 600.0                                                | 600.0             |
| NiSource                                              | September 2029                   | 2.950 %                            | 750.0                                                | 750.0             |
| NiSource                                              | May 2030                         | 3.600 %                            | 1,000.0                                              | 1,000.0           |
| NiSource                                              | February 2031                    | 1.700 %                            | 750.0                                                | 750.0             |
| NiSource                                              | June 2033                        | 5.400 %                            | 450.0                                                | 450.0             |
| NiSource                                              | April 2034                       | 5.350 %                            | 650.0                                                | 650.0             |
| NiSource                                              | July 2035                        | 5.350 %                            | 900.0                                                | —                 |
| NiSource                                              | December 2040                    | 6.250 %                            | 152.6                                                | 152.6             |
| NiSource                                              | June 2041                        | 5.950 %                            | 347.4                                                | 347.4             |
| NiSource                                              | February 2042                    | 5.800 %                            | 250.0                                                | 250.0             |
| NiSource                                              | February 2043                    | 5.250 %                            | 500.0                                                | 500.0             |
| NiSource                                              | February 2044                    | 4.800 %                            | 750.0                                                | 750.0             |
| NiSource                                              | February 2045                    | 5.650 %                            | 500.0                                                | 500.0             |
| NiSource                                              | May 2047                         | 4.375 %                            | 1,000.0                                              | 1,000.0           |
| NiSource                                              | March 2048                       | 3.950 %                            | 750.0                                                | 750.0             |
| NiSource                                              | June 2052                        | 5.000 %                            | 350.0                                                | 350.0             |
| NiSource                                              | April 2055                       | 5.850 %                            | 1,500.0                                              | —                 |
| <b>Total senior notes</b>                             |                                  |                                    | <b>\$13,253.0</b>                                    | <b>\$12,103.0</b> |
| <b>Junior subordinated notes:</b>                     |                                  |                                    |                                                      |                   |
| NiSource                                              | November 2054                    | 6.950 %                            | \$ 500.0                                             | \$ 500.0          |
| NiSource                                              | March 2055                       | 6.375 %                            | 500.0                                                | 500.0             |
| NiSource                                              | July 2056                        | 5.750 %                            | 1,000.0                                              | —                 |
| <b>Total junior subordinated notes</b>                |                                  |                                    | <b>\$ 2,000.0</b>                                    | <b>\$ 1,000.0</b> |
| <b>Medium term notes:</b>                             |                                  |                                    |                                                      |                   |
| NiSource                                              | May 2027                         | 7.990 %                            | \$ 29.0                                              | \$ 29.0           |
| NIPSCO                                                | June 2027 to August 2027         | 7.644 %                            | 58.0                                                 | 58.0              |
| Columbia of Massachusetts                             | December 2025                    | 6.430 %                            | —                                                    | 10.0              |
| Columbia of Massachusetts                             | February 2028                    | 6.260 %                            | 5.0                                                  | 5.0               |
| <b>Total medium term notes</b>                        |                                  |                                    | <b>\$ 92.0</b>                                       | <b>\$ 102.0</b>   |
| <b>Finance leases:</b>                                |                                  |                                    |                                                      |                   |
| NiSource Corporate Services                           | January 2026 to September 2027   | 4.350 %                            | \$ 5.0                                               | \$ 14.6           |
| NIPSCO                                                | December 2027 to December 2063   | 5.480 %                            | 165.5                                                | 124.3             |
| Columbia of Ohio                                      | December 2035 to March 2052      | 6.110 %                            | 81.7                                                 | 85.6              |
| Columbia of Virginia                                  | July 2029 to November 2039       | 5.620 %                            | 16.2                                                 | 15.2              |
| Columbia of Kentucky                                  | May 2027                         | 5.360 %                            | 0.1                                                  | 0.1               |
| Columbia of Pennsylvania                              | March 2030 to May 2035           | 4.430 %                            | 5.5                                                  | 6.4               |
| <b>Total finance leases</b>                           |                                  |                                    | <b>\$ 274.0</b>                                      | <b>\$ 246.2</b>   |
| <b>Less: Unamortized issuance costs and discounts</b> |                                  |                                    | <b>(141.5)</b>                                       | <b>(95.5)</b>     |
| <b>Less: Current portion of long term debt</b>        |                                  |                                    | <b>(19.7)</b>                                        | <b>(1,281.2)</b>  |
| <b>Total Long-Term Debt</b>                           |                                  |                                    | <b>\$15,457.8</b>                                    | <b>\$12,074.5</b> |

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Details of our 2025 long-term debt activity are summarized below:

- In March 2025, we completed the issuance and sale of \$750.0 million of 5.850% senior unsecured notes maturing in 2055, which resulted in approximately \$739.6 million of net proceeds after discount and debt issuance costs.
- In June 2025, we completed the issuance and sale of an additional \$750.0 million of 5.850% senior unsecured notes maturing in 2055 (the "2055 Notes"). The terms of the 2055 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute a reopening of, our 5.850% senior unsecured notes maturing in 2055 issued in March, 2025. With the incremental issuance, we now have \$1.5 billion of 5.850% senior unsecured notes maturing in 2055. In June 2025, we also completed the issuance and sale of \$900.0 million of 5.350% senior unsecured notes maturing in 2035 (the "2035 Notes"). The issuances of the 2055 Notes and the 2035 Notes in June, 2025 resulted in approximately \$1.616 billion of total net proceeds after discount and debt issuance costs.
- In August 2025, we repaid \$1,250.0 million of 0.95% senior unsecured notes at maturity.
- In November 2025, we completed the issuance and sale of \$1.0 billion of 5.750% fixed-to-fixed reset rate junior subordinated notes maturing in 2056, which resulted in approximately \$984.3 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including November 2025 to, but excluding, July 2031 at a rate of 5.75% per annum and (ii) from and including July 2031, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in November 2025) as of the then most recent reset interest determination date plus a spread of 2.035%, to be reset on each reset date; provided that the interest rate during any reset period will not reset below 5.750% per annum. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.
- In December 2025, Columbia of Massachusetts repaid \$10.0 million of 6.430% medium term notes at maturity.

Details of our 2024 long-term debt activity are summarized below:

- In March 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.
- In May 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including May 2024 to, but excluding, November 2029 at a rate of 6.950% per annum and (ii) from and including November 2029, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in May 2024) as of the then most recent reset interest determination date plus a spread of 2.451%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.
- In June 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- In September 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including September 2024 to, but excluding, March 2035 at a rate of 6.375% per annum and (ii) from and including March 2035, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in September 2024) as of the then most recent reset interest determination date plus a spread of 2.527%,

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.

See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2025.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$500 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 15% of our consolidated total assets as of the last day of our fiscal year then most recently ended for which financial statements have been delivered. Additionally, the revolving credit facility requires us to own directly or indirectly at least 70% of NIPSCO. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of \$100.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5.0 million to \$50.0 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**9. Property, Plant and Equipment**

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

| At December 31, <i>(in millions)</i>                   | 2025                | 2024                |
|--------------------------------------------------------|---------------------|---------------------|
| <b>Property, Plant and Equipment</b>                   |                     |                     |
| Gas distribution utility                               | \$ 21,509.4         | \$ 20,007.2         |
| Electric utility                                       | 11,420.7            | 8,666.8             |
| Corporate                                              | 236.4               | 248.1               |
| Construction work in process                           | 1,700.7             | 2,084.7             |
| JV renewable generation assets <sup>(1)</sup>          | 1,429.3             | 1,434.2             |
| Non-utility and other                                  | 1,762.3             | 1,711.9             |
| <b>Total Property, Plant and Equipment</b>             | <b>\$ 38,058.8</b>  | <b>\$ 34,152.9</b>  |
| <b>Accumulated Depreciation and Amortization</b>       |                     |                     |
| Gas distribution utility                               | \$ (4,427.3)        | \$ (4,166.8)        |
| Electric utility                                       | (2,987.0)           | (2,707.8)           |
| Corporate                                              | (156.1)             | (163.4)             |
| JV renewable generation assets <sup>(1)</sup>          | (156.3)             | (110.4)             |
| Non-utility and other                                  | (1,643.9)           | (1,550.6)           |
| <b>Total Accumulated Depreciation and Amortization</b> | <b>\$ (9,370.6)</b> | <b>\$ (8,699.0)</b> |
| <b>Net Property, Plant and Equipment</b>               | <b>\$ 28,688.2</b>  | <b>\$ 25,453.9</b>  |

<sup>(1)</sup>These JV renewable generation assets owned and operated by JVs between NIPSCO and unrelated tax equity partners represent Non-Utility Property, are depreciated straight-line over 30 years and are part of our NIPSCO Operations segment. Refer to Note 4, "Noncontrolling Interests," for additional information.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2025, 2024 and 2023 were as follows:

|                     | 2025  | 2024  | 2023  |
|---------------------|-------|-------|-------|
| NIPSCO Operations   | 3.0 % | 3.0 % | 3.0 % |
| Columbia Operations | 2.6 % | 2.6 % | 2.5 % |

We recognized depreciation expense of \$1,008.9 million, \$820.4 million and \$756.9 million for the years ended 2025, 2024 and 2023, respectively. The 2025, 2024 and 2023, depreciation expense includes \$62.4 million, \$58.9 million, and \$12.5 million related to the regulatory deferral of income associated with our JVs. See Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for additional details.

**Amortization of on-premises Software Costs.** We amortized \$76.0 million, \$85.2 million and \$77.5 million in 2025, 2024 and 2023, respectively, related to software recorded as intangible assets. Our unamortized software balance was \$390.3 million and \$236.1 million at December 31, 2025 and 2024, respectively.

**Amortization of Cloud Computing Costs.** We amortized \$27.0 million, \$17.7 million and \$12.6 million in 2025, 2024 and 2023, respectively, related to cloud computing costs to "Operation and maintenance" expense. Our unamortized cloud computing balance was \$165.1 million and \$77.5 million at December 31, 2025 and 2024, respectively.

**10. Goodwill**

The following presents our goodwill balance allocated by segment as of December 31, 2025:

| <i>(in millions)</i> | Columbia Operations | NIPSCO Operations | Total      |
|----------------------|---------------------|-------------------|------------|
| Goodwill             | \$ 1,468.1          | \$ 17.8           | \$ 1,485.9 |

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

For our annual goodwill impairment analysis performed as of May 1, 2025, we performed a qualitative "step 0" assessment and determined that it was more likely than not that the estimated fair value of a reporting unit substantially exceeded its carrying value of our reporting unit. For this test, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting unit as compared to its baseline May 1, 2024 "step 1" fair value measurement. There have been no impairments recorded during the periods presented.

**11. Asset Retirement Obligations**

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities (including our JV facilities), certain costs to retire pipeline, removal costs for certain underground storage tanks, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have an obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

During 2025, we continued to evaluate the applicability of revisions to the EPA rule for disposal of CCRs, which was announced in May 2024. As a result, during 2025, we recorded an increase of \$48.9 million based on initial assessments of estimated costs to comply with the EPA rule for certain sites. Additional costs will be recorded if they become probable and estimable. These costs are expected to be recoverable through existing and future depreciation rates. See Note 19, "Other Commitments and Contingencies - D. Environmental Matters," for additional information on the legacy CCR rule.

Changes in our liability for asset retirement obligations for the years 2025 and 2024 are presented in the table below:

| <i>(in millions)</i>                               | 2025     | 2024     |
|----------------------------------------------------|----------|----------|
| Beginning Balance                                  | \$ 783.2 | \$ 553.0 |
| Accretion recorded as a regulatory asset/liability | 38.0     | 25.3     |
| Additions                                          | 63.3     | 189.9    |
| Settlements                                        | (73.0)   | (72.5)   |
| Change in estimated cash flows                     | 25.4     | 87.5     |
| Ending Balance                                     | \$ 836.9 | \$ 783.2 |

Certain non-legal costs of removal not yet incurred but have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

**12. Regulatory Matters**

**Regulatory Filings**

**Renewable generation filings.** In February 2025, NIPSCO filed a petition with the IURC to modify its February 2023 order that approved a power purchase agreement related to Templeton and allow for NIPSCO to fully own Templeton. The IURC issued an order in September 2025 approving the filed petition.

**NIPSCO Electric rate case filing.** In February 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC. The IURC issued an order in June 2025, approving the Settlement Agreement without modification. New rates were implemented in multiple steps beginning in July 2025 and will continue with the final step no later than March 2026.

**Columbia of Pennsylvania rate case filing.** In December 2025, the Pennsylvania Public Utility Commission issued a final order accepting in part, and denying in part, Columbia's exceptions to the recommended decision issued by the Administrative Law Judges. The final order approved the continuation of a pilot residential Weather Normalization Adjustment with a few modifications (most notably increasing the percentage range in which weather normalization is applied from 3% to 5% and an increase to the residential fixed customer charge to \$20.15. Rates became effective in January 2026. Two parties have filed petitions for reconsideration on certain aspects of the final order and petitions for reconsideration are pending.

**GenCo filing.** In January 2025, GenCo, an indirect subsidiary of NiSource Inc., filed a declination of jurisdiction petition with the IURC related to the ownership, development, financing, construction and operation of generation facilities. This was an

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

administrative filing and is a step in NIPSCO's effort to set up a framework to accommodate megaload customers, including data centers. A settlement agreement among GenCo, NIPSCO, and a coalition of NIPSCO's largest industrial customers was approved by the IURC in September 2025. In October 2025, the Indiana Office of the Utility Consumer Counselor ("OUCC") filed a limited Request for Rehearing with the IURC and the OUCC filed a Notice of Appeal of the IURC order approving the GenCo settlement, which was immediately stayed by the Court of Appeals to allow the IURC process to be completed. In November 2025, the IURC issued an order granting the OUCC's limited request for rehearing, which was supported by NIPSCO and GenCo. In December 2025, all parties who originally appealed the IURC approval filed motions to dismiss their respective appeals.

**NIPSCO Electric Special Contract and GenCo PPA filing.** In November 2025, NIPSCO and GenCo filed an application with the IURC seeking approval of (i) a retail special contract for electric service between NIPSCO and ADS, (ii) a related power purchase agreement between NIPSCO and GenCo, and (iii) an alternative regulatory plan and associated accounting treatment. Testimony from the OUCC and intervenors was filed in January 2026. The OUCC and one other intervenor were generally supportive of approval of the special contract and GenCo PPA, while one intervenor sought certain modifications to the special contract. A hearing is scheduled for February 2026. An order is anticipated in the second quarter of 2026.

**202(c) Emergency Order for R.M. Schahfer coal facility.** In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions. Following receipt of the emergency order, NIPSCO filed a complaint at FERC seeking a modification of the MISO Tariff to establish a mechanism for recovery and allocation of the cost to comply with this order. NIPSCO made two filings with the IURC related to the emergency order. The first filing is to confirm accounting treatment of the current electric rate order, and the second is a filing for recovery of federally mandated expenses related to the emergency order, which will be utilized in the event that any costs of complying with the emergency order fall outside of the MISO Tariff recovery. The Michigan City coal facility is scheduled to be retired by the end of 2028.

**IURC Investigation.** In November 2025, the IURC initiated an investigation into the accuracy of NIPSCO's gas meters. This investigation followed NIPSCO's disclosure of a latent issue with a small percentage of the meter indexes in NIPSCO's gas meters, which was discovered during roll-out of new AMI communications modules for gas meters. A procedural schedule has been established and a hearing is expected in July 2026.

**Regulatory Assets and Liabilities.** We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures when the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates will be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers. We assess the probability of collection for all of our regulatory assets each period. The offset to the regulatory liability associated with our renewable investments included in regulated rates is recorded in "Depreciation and amortization" on the Statements of Consolidated Income.



**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Regulatory assets were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2025              | 2024              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Assets</b>                                                      |                   |                   |
| Unrecognized pension and other postretirement benefit costs (see Note 16)     | \$ 433.1          | \$ 485.3          |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 30.8              | 45.3              |
| Environmental costs (see Note 19-D.)                                          | 42.0              | 42.8              |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 190.8             | 172.0             |
| Under-recovered gas and fuel costs (see Note 1-J.)                            | 41.3              | 82.3              |
| Depreciation                                                                  | 218.4             | 214.9             |
| Post-in-service carrying charges                                              | 287.2             | 280.8             |
| Safety activity costs                                                         | 200.6             | 203.7             |
| DSM programs                                                                  | 13.4              | 17.8              |
| Retired coal generating stations                                              | 552.1             | 617.0             |
| Losses on commodity price risk programs (See Note 13)                         | 10.1              | 6.5               |
| Deferred property taxes                                                       | 79.4              | 75.9              |
| Renewable energy investments                                                  | 130.7             | 81.3              |
| WAM system filing                                                             | 33.5              | 21.5              |
| Customer assistance programs                                                  | 17.3              | 24.4              |
| Uncollected future cost of removal                                            | 102.5             | —                 |
| Other                                                                         | 116.2             | 105.8             |
| <b>Total Regulatory Assets</b>                                                | <b>\$ 2,499.4</b> | <b>\$ 2,477.3</b> |
| <b>Less: Current Portion</b>                                                  | <b>274.2</b>      | <b>319.9</b>      |
| <b>Total Noncurrent Regulatory Assets</b>                                     | <b>\$ 2,225.2</b> | <b>\$ 2,157.4</b> |

Regulatory liabilities were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2025              | 2024              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Liabilities</b>                                                 |                   |                   |
| Over-recovered gas and fuel costs (see Note 1-J.)                             | \$ 50.6           | \$ 21.4           |
| Cost of removal (see Note 11)                                                 | 454.5             | 482.8             |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 869.3             | 827.0             |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 28.0              | 40.4              |
| Gains on commodity price risk programs (See Note 13)                          | 19.2              | 28.7              |
| Customer assistance programs                                                  | 10.6              | 9.4               |
| Off-system sales sharing                                                      | 21.8              | 21.4              |
| Renewable energy investments (See Note 1-S. and Note 4)                       | 139.4             | 77.0              |
| Rate refunds                                                                  | 68.9              | 16.6              |
| Other                                                                         | 111.1             | 57.0              |
| <b>Total Regulatory Liabilities</b>                                           | <b>\$ 1,773.4</b> | <b>\$ 1,581.7</b> |
| <b>Less: Current Portion</b>                                                  | <b>260.1</b>      | <b>150.5</b>      |
| <b>Total Noncurrent Regulatory Liabilities</b>                                | <b>\$ 1,513.3</b> | <b>\$ 1,431.2</b> |

Regulatory assets, including under-recovered gas and fuel costs and depreciation, of approximately \$499.3 million and \$671.3 million as of December 31, 2025 and 2024, respectively, are not earning a return on investment. These costs are recovered over a remaining life of between 15 and 75 years.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Assets:**

***Unrecognized pension and other postretirement benefit costs.*** Represents the deferred other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs by certain subsidiaries that will ultimately be recovered through base rates.

***Deferred pension and other postretirement benefit costs.*** Primarily relates to the difference between defined benefit plan expense recorded by certain subsidiaries due to regulatory orders and the corresponding expense that would otherwise be recorded in accordance with GAAP. This balance is driven by Columbia of Ohio deferrals.

***Environmental costs.*** Includes certain recoverable costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. The recovery of these costs is to be addressed in future base rates, billing riders or tracking mechanisms of certain of our subsidiaries.

***Regulatory effects of accounting for income taxes.*** Represents the deferral and under collection of deferred taxes in the rate making process.

***Under-recovered gas and fuel costs.*** Represents the difference between the costs of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects, and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

***Depreciation.*** Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

***Post-in-service carrying charges.*** Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

***Safety activity costs.*** Represents the difference between costs incurred by certain of our subsidiaries in eligible safety programs in compliance with PHMSA regulations in excess of those being recovered in rates. The majority of this balance is driven by Columbia of Ohio.

***DSM programs.*** Represents costs associated with Columbia Operations and NIPSCO Operations energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

***Retired coal generating stations.*** Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018 and the net book value of Units 14 and 15 of R.M. Schahfer Generating Station retired in 2021. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates. The August 2023 NIPSCO electric rate case order extends the recovery of, and on, the net book value of the stations by the end of 2034 and implements a revenue credit for the retired units. The credit is based on the difference between the year-end value of Units 14 and 15 and the most recent value established in the last base rate case proceeding or credit compliance filing.

***Losses on commodity price risk programs.*** Represents the unrealized losses related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices and these amounts are collected from customers through their inclusion in customer rates.

***Deferred property taxes.*** Represents the deferral and under collection of property taxes in the rate making process for Columbia of Ohio and is driven by the IRP and CEP deferrals.

***Renewable energy investments.*** Represents the regulatory deferral of renewable energy formation and developer costs primarily through deferred depreciation.

***WAM system filing.*** Represents the deferral of certain costs, including depreciation and amortization incurred in connection with improvements to its information technology systems through the design, development, and implementation of a new WAM program for the scheduling, dispatch, and execution of work and the management of underlying assets.

***Customer Assistance Programs.*** Represents the difference between the eligible customer assistance program costs and collections, which will be collected from customers.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

***Uncollected Future Cost of Removal.*** Represents asset removal costs not yet recovered.

**Liabilities:**

***Over-recovered gas and fuel costs.*** Represents the difference between the cost of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects and, the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

***Cost of removal.*** Represents anticipated costs of removal for utility assets that have been collected through depreciation rates for future costs to be incurred.

***Regulatory effects of accounting for income taxes.*** Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2025 and federal tax credits generated by Cavalry, Dunn's Bridge II, Fairbanks, and Gibson solar facilities that are passed back to customers. For discussion of the regulatory impact of the NIPSCO Minority Interest Transaction on deferred taxes, see Note 15, "Income Taxes," for additional details.

***Deferred pension and other postretirement benefit costs.*** Primarily represents cash contributions in excess of postretirement benefit expense that is deferred by certain subsidiaries.

***Gains on commodity price risk programs.*** Represents the unrealized gains related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices, and these amounts are passed back to customers through their inclusion in customer rates.

***Customer Assistance Programs.*** Represents the difference between the eligible customer assistance program costs and collections, which will be refunded to customers.

***Renewable energy investments.*** Represents the regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The offset to the regulatory liability associated with our renewable investments is recorded in "Depreciation expense" on the Statements of Consolidated Comprehensive Income. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," Note 4, "Noncontrolling Interests," and Note 9, "Property, Plant and Equipment," for additional information.

***Rate Refunds.*** Represents supplier refunds received by the company that are owed to customers and will be remitted and amounts that are being collected in rates subject to refund.

***Off System Sales Sharing.*** Represents amounts to be passed back to the customers as a result of Off System sales that is shared between the company and the customer.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**13. Risk Management Activities**

We are exposed to certain risks related 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 limit volatility in the price of natural gas, and manage interest rate exposure.

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

| (in millions)                                     | December 31, 2025 |             | December 31, 2024 |             |
|---------------------------------------------------|-------------------|-------------|-------------------|-------------|
|                                                   | Assets            | Liabilities | Assets            | Liabilities |
| Current <sup>(1)</sup>                            |                   |             |                   |             |
| Derivatives not designated as hedging instruments | \$ 9.7            | \$ 2.1      | \$ 9.1            | \$ 2.3      |
| Total                                             | \$ 9.7            | \$ 2.1      | \$ 9.1            | \$ 2.3      |
| Noncurrent <sup>(2)</sup>                         |                   |             |                   |             |
| Derivatives not designated as hedging instruments | \$ 9.1            | \$ 3.8      | \$ 17.9           | \$ 1.2      |
| Total                                             | \$ 9.1            | \$ 3.8      | \$ 17.9           | \$ 1.2      |

<sup>(1)</sup> Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Consolidated Balance Sheets.

<sup>(2)</sup> Noncurrent assets and liabilities are presented in "Deferred charges and other" and "Other noncurrent liabilities and deferred credits", respectively, on the Consolidated Balance Sheets.

Our derivative instruments are subject to enforceable master netting arrangements or similar agreements. No collateral was either received or posted related to our outstanding derivative positions at December 31, 2025 and 2024. If the above gross asset and liability positions were presented net of amounts owed or receivable from counterparties, we would report a net asset position of \$12.9 million and \$23.5 million at December 31, 2025 and 2024, respectively.

Derivatives Not Designated as Hedging Instruments

**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. As of December 31, 2025 and 2024, we had 83.7 MMDth and 77.8 MMDth, respectively, of net energy derivative volumes outstanding related to our natural gas hedges.

NIPSCO has received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments and is limited to 20% of NIPSCO's average annual GCA purchase volume. As of December 31, 2025, the remaining terms of these instruments range from one to three years. Likewise, Columbia of Pennsylvania has received approval for a 24-month rolling hedge program that will continue in perpetuity. The program is designed to financially hedge approximately 20% of the customer's annual demand. Under both programs all gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through the relevant cost recovery mechanism.

Derivatives Designated as Hedging Instruments

**Interest rate risk management.** As of December 31, 2025 and 2024, we had no active interest rate swap positions. We have recorded the overall net loss related to previously settled interest rate swaps in AOCI. The gain or loss associated with each previously settled interest rate swap is amortized in interest expense over the term of each corresponding debt issuance. These amounts were immaterial for the years ended December 31, 2025, 2024 and 2023 and are recorded in "Interest expense, net" on the Condensed Statements of Consolidated Income. Amounts expected to be reclassified to earnings during the next twelve months are immaterial. See Note 20, "Accumulated Other Comprehensive Loss," for additional information.

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**14. Fair Value**

**A. Fair Value Measurements**

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2025 and December 31, 2024. As of December 31, 2025 and December 31, 2024, 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.

| Recurring Fair Value Measurements<br>December 31, 2025 ( <i>in millions</i> ) | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2025 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                               |                                                           |                                                    |                                    |
| Risk management assets                                                        | \$ —                                                                          | \$ 18.8                                                   | \$ —                                               | \$ 18.8                            |
| Available-for-sale debt securities                                            | —                                                                             | 146.1                                                     | —                                                  | 146.1                              |
| Equity Securities <sup>(1)(2)</sup>                                           | 8.5                                                                           | —                                                         | —                                                  | 8.5                                |
| <b>Total</b>                                                                  | <b>\$ 8.5</b>                                                                 | <b>\$ 164.9</b>                                           | <b>\$ —</b>                                        | <b>\$ 173.4</b>                    |
| <b>Liabilities</b>                                                            |                                                                               |                                                           |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                          | \$ 5.9                                                    | \$ —                                               | \$ 5.9                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                                   | <b>\$ 5.9</b>                                             | <b>\$ —</b>                                        | <b>\$ 5.9</b>                      |

<sup>(1)</sup> Equity securities are in a high dividend equity fund and are valued using market prices in active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Equity securities are presented in "Other Investments" on the Consolidated Balance Sheets.

<sup>(2)</sup> As of December 31, 2025, the investment cost of equity securities measured at fair value was \$7.9 million, gross unrealized gains were \$0.7 million, and the fair value was \$8.5 million.

| Recurring Fair Value Measurements<br>December 31, 2024 ( <i>in millions</i> ) | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2024 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                               |                                                           |                                                    |                                    |
| U.S. Treasury debt securities <sup>(1)</sup>                                  | \$ 80.1                                                                       | \$ —                                                      | \$ —                                               | \$ 80.1                            |
| Risk management assets                                                        | —                                                                             | 27.0                                                      | —                                                  | 27.0                               |
| Available-for-sale debt securities                                            | —                                                                             | 86.7                                                      | —                                                  | 86.7                               |
| <b>Total</b>                                                                  | <b>\$ 80.1</b>                                                                | <b>\$ 113.7</b>                                           | <b>\$ —</b>                                        | <b>\$ 193.8</b>                    |
| <b>Liabilities</b>                                                            |                                                                               |                                                           |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                          | \$ 3.5                                                    | \$ —                                               | \$ 3.5                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                                   | <b>\$ 3.5</b>                                             | <b>\$ —</b>                                        | <b>\$ 3.5</b>                      |

<sup>(1)</sup> Treasury bills are presented in "Cash and cash equivalents" and "Restricted cash" on the Consolidated Balance Sheets.

*Level 1-* 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. These financial assets and liabilities are deemed to be cleared and settled daily by NYMEX as the related cash collateral is posted with the exchange. As a result of this exchange rule, NYMEX derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and are subject to future commodity price fluctuations until they are settled in accordance with their contractual terms.

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

*Level 2-* 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.

*Level 3-* 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.

***Risk Management Assets and Liabilities.*** Risk management assets and liabilities include exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. NIPSCO and Columbia of Pennsylvania have entered into long-term forward natural gas purchase instruments to lock in a fixed price for 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 13, "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.

Our available-for-sale debt securities impairments are recognized periodically using an allowance approach. 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 the security's fair value is less than its amortized cost basis. If certain amounts recorded 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. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at December 31, 2025 and 2024 were:

| December 31, 2025 (in millions)           | Amortized Cost  | Gross Unrealized Gains | Gross Unrealized Losses <sup>(1)</sup> | Allowance for Credit Losses | Fair Value      |
|-------------------------------------------|-----------------|------------------------|----------------------------------------|-----------------------------|-----------------|
| <b>Available-for-sale debt securities</b> |                 |                        |                                        |                             |                 |
| U.S. Treasury debt securities             | \$ 9.5          | \$ —                   | \$ —                                   | \$ —                        | \$ 9.5          |
| Corporate/Other debt securities           | 136.3           | 2.4                    | (2.1)                                  | —                           | 136.6           |
| <b>Total</b>                              | <b>\$ 145.8</b> | <b>\$ 2.4</b>          | <b>\$ (2.1)</b>                        | <b>\$ —</b>                 | <b>\$ 146.1</b> |

| December 31, 2024 (in millions)           | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses <sup>(2)</sup> | Allowance for Credit Losses | Fair Value     |
|-------------------------------------------|----------------|------------------------|----------------------------------------|-----------------------------|----------------|
| <b>Available-for-sale debt securities</b> |                |                        |                                        |                             |                |
| Corporate/Other debt securities           | 91.9           | 0.5                    | (5.6)                                  | (0.1)                       | 86.7           |
| <b>Total</b>                              | <b>\$ 91.9</b> | <b>\$ 0.5</b>          | <b>\$ (5.6)</b>                        | <b>\$ (0.1)</b>             | <b>\$ 86.7</b> |

<sup>(1)</sup> 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 \$3.5 million and \$40.2 million, respectively at December 31, 2025.

<sup>(2)</sup> Fair value of Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$70.1 million at December 31, 2024.

The cost of maturities sold is based upon specific identification. Net realized gains and losses on available-for-sale securities were \$(1.0) million for the twelve months ended December 31, 2025, and \$2.3 million for the twelve months ended December 31, 2024. At December 31, 2025, approximately \$9.8 million and \$4.0 million of Corporate/Other debt securities and U.S. Treasury debt securities, respectively, have maturities of less than a year.

**Equity Investments.** Investments measured at net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. These investments represent holdings in a single private investment fund that are redeemable at the election of the holder. As of December 31, 2025, the Company holds \$17.9 million of equity investments measured at net asset value.

**Non-recurring Fair Value Measurements**

We measure the fair value of certain assets, including goodwill, on a non-recurring basis, typically when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. As of December 31, 2025, no non-recurring fair value adjustments have been made.

**B. Other Fair Value Disclosures for Financial Instruments.**

The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. Our long-term borrowings are recorded at historical amounts.

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

**Long-term debt.** The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the years ended December 31, 2025 and 2024, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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

| At December 31, (in millions)              | Carrying Amount 2025 | Estimated Fair Value 2025 | Carrying Amount 2024 | Estimated Fair Value 2024 |
|--------------------------------------------|----------------------|---------------------------|----------------------|---------------------------|
| Long-term debt (including current portion) | \$ 15,477.5          | \$ 14,975.3               | \$ 13,355.7          | \$ 12,505.2               |

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**15. Income Taxes**

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws and associated regulations involves uncertainty as taxing authorities may interpret the laws differently.

NIPSCO's historical business activities through the closing of the NIPSCO Minority Interest Transaction in 2023 were included in the consolidated U.S. federal and certain state income tax returns of NiSource Inc. Prior to April 13, 2023, NIPSCO was treated as a taxable division of its corporate parent, NiSource Inc. Beginning on that date, NIPSCO became a division of NIPSCO Holdings I. In connection with the NIPSCO Minority Interest Transaction, NIPSCO Holdings I retained NIPSCO's income tax balances and 80.1% of the excess deferred income tax regulatory balances as described below. NIPSCO Holdings I's income tax balances are based on the difference between the financial statement amount and the tax basis of its investment in NIPSCO Holdings II.

**Income Tax Expense.** The components of income tax expense (benefit) were as follows:

| Year Ended December 31, (in millions)                            | 2025            | 2024            | 2023            |
|------------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>Income Taxes</b>                                              |                 |                 |                 |
| Current                                                          |                 |                 |                 |
| Federal                                                          | \$ (30.4)       | \$ (19.3)       | \$ —            |
| State                                                            | (1.6)           | 9.4             | 5.3             |
| <b>Total Current (Benefit) Expense</b>                           | <b>(32.0)</b>   | <b>(9.9)</b>    | <b>5.3</b>      |
| Deferred                                                         |                 |                 |                 |
| Federal                                                          |                 |                 |                 |
| Taxes before operating loss carryforwards and investment credits | 189.2           | 105.9           | 49.7            |
| Tax utilization expense of operating loss carryforwards          | 34.2            | 60.4            | 65.1            |
| Investment tax credits                                           | —               | (0.1)           | (2.1)           |
| State                                                            | 13.1            | 2.6             | 22.5            |
| <b>Total Deferred Expense</b>                                    | <b>236.5</b>    | <b>168.8</b>    | <b>135.2</b>    |
| <b>Deferred Investment Tax Credits</b>                           | <b>(0.7)</b>    | <b>(0.8)</b>    | <b>(1.0)</b>    |
| <b>Income Taxes from Continuing Operations</b>                   | <b>\$ 203.8</b> | <b>\$ 158.1</b> | <b>\$ 139.5</b> |

We earn federal Investment Tax Credits ("ITC"s) and Production Tax Credits ("PTC"s) related to qualifying renewable energy projects. These credits are nonrefundable, can be utilized to offset income tax liabilities, and are transferable. We recognize the benefit of these credits within income tax expense (benefit) in the period the credits are generated.

During the periods ended December 31, 2025 and 2024, respectively, we elected to monetize certain transferable ITC/PTC credits through sales to unrelated third-party taxpayers. Accordingly, the cash proceeds received from the sale of the credits are reflected as an adjustment to income tax (benefit) expense. We recognized a current tax benefit associated with the monetization of these credits of \$19.3 million and \$18.8 million, for the years ended December 31, 2025, and 2024, respectively. These amounts offset current tax expense in the years received and a regulatory liability was established to pass back to customers over ten years, as ordered by the regulator.

In connection with the NIPSCO Minority Interest Transaction during 2023, NiSource recognized a \$63.5 million income tax benefit in additional paid in capital related to 19.9% of NIPSCO's excess deferred income taxes attributable to Blackstone's noncontrolling interest. This benefit does not impact NIPSCO's regulatory books or the excess deferred taxes that will benefit customers through lower future rates in accordance with applicable regulatory orders. See Note 4, "Noncontrolling Interests," for further discussion of the NIPSCO Minority Interest Transaction.



**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Statutory Rate Reconciliation.** The following table provides a quantitative reconciliation of the reported income tax expense (benefit) from the statutory U.S. federal income tax rate to the Company's effective tax rate for each period presented.

| Year Ended December 31, (in millions)                                 | 2025            |               | 2024            |               | 2023            |               |
|-----------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| Book income before income taxes                                       | \$ 1,216.4      |               | \$ 1,002.8      |               | \$ 813.9        |               |
| Tax expense (benefit) at statutory federal income tax rate            | 255.4           | 21.0 %        | 210.6           | 21.0 %        | 170.8           | 21.0 %        |
| <b>State and local income taxes, net of federal income tax effect</b> | <b>4.9</b>      | <b>0.4</b>    | <b>11.7</b>     | <b>1.2</b>    | <b>13.7</b>     | <b>1.7</b>    |
| <b>Tax Credits</b>                                                    |                 |               |                 |               |                 |               |
| Investment tax credit                                                 | (32.4)          | (2.7)         | (14.5)          | (1.5)         | (2.1)           | (0.3)         |
| Production tax credit                                                 | (40.5)          | (3.3)         | (5.8)           | (0.6)         | (0.3)           | —             |
| Other                                                                 | (3.1)           | (0.3)         | (3.0)           | (0.3)         | (1.5)           | (0.2)         |
| <b>Regulatory Adjustments</b>                                         |                 |               |                 |               |                 |               |
| ITC / PTC                                                             | 68.2            | 5.6           | 20.0            | 2.0           | —               | —             |
| Amortization of Excess Deferred Income Taxes                          | (30.2)          | (2.5)         | (31.2)          | (3.1)         | (39.2)          | (4.8)         |
| AFUDC equity                                                          | (5.5)           | (0.4)         | (12.5)          | (1.2)         | (5.3)           | (0.7)         |
| <b>Changes in Valuation Allowances</b>                                | <b>8.4</b>      | <b>0.7</b>    | <b>—</b>        | <b>—</b>      | <b>—</b>        | <b>—</b>      |
| <b>Nontaxable or Nondeductible Items</b>                              |                 |               |                 |               |                 |               |
| Noncontrolling interests                                              | (18.2)          | (1.5)         | (27.3)          | (2.7)         | —               | —             |
| Other                                                                 | 1.2             | 0.1           | 7.6             | 0.8           | 7.8             | 0.9           |
| <b>Other adjustments</b>                                              | <b>(4.4)</b>    | <b>(0.3)</b>  | <b>2.5</b>      | <b>0.2</b>    | <b>(4.4)</b>    | <b>(0.5)</b>  |
| <b>Income Taxes</b>                                                   | <b>\$ 203.8</b> | <b>16.8 %</b> | <b>\$ 158.1</b> | <b>15.8 %</b> | <b>\$ 139.5</b> | <b>17.1 %</b> |

For the year ended December 31, 2025, the state and local income tax reconciling item of \$4.9 million represents the tax effect of income primarily in Virginia, which accounted for more than 50 percent of the company's state and local tax liability.

The increase in tax expense of \$45.7 million in 2025 versus 2024 was primarily due to higher pre-tax income, the establishment of a valuation allowance on deferred tax assets related to disallowed §163(j) interest carryforwards, lower non-controlling interest and lower AFUDC equity, partially offset by lower state taxes and higher federal investment and production credits generated by Dunns Bridge II Solar and Storage facility, Cavalry Solar, Fairbanks Solar, and Gibson Solar that are offset in a regulatory liability to pass back to customers in future periods.

The increase in the ITC / PTC regulatory adjustment in 2025 versus 2024 was primarily due to the regulatory liability established for the investment and production tax credits generated in 2025, net of the \$4.6 million pass back to customers of prior period federal tax credits.

The increase in tax expense of \$18.6 million in 2024 versus 2023 was primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest, and higher federal tax credits generated by the Cavalry solar and storage facility that are offset in a regulatory liability to pass back to customers in future periods.

The increase in the ITC / PTC regulatory adjustment in 2024 versus 2023 was primarily due to the regulatory liability established for the Cavalry tax credits generated in 2024.

**Cash Taxes Paid Disclosure.** In accordance with ASU 2023-09, the following table provides cash taxes paid for each period presented, which represents the actual cash payments made for income taxes to federal and state authorities by jurisdiction and differs from the income tax expense recognized for financial reporting purposes due to deferred taxes, credits, and other reconciling items.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, (in millions) | 2025          | 2024          | 2023          |
|---------------------------------------|---------------|---------------|---------------|
| <b>Jurisdiction</b>                   |               |               |               |
| Federal                               | \$ 2.5        | \$ —          | \$ —          |
| Pennsylvania                          | (0.2)         | 3.0           | 4.0           |
| Virginia                              | —             | 1.2           | 5.4           |
| Ohio local                            | 0.7           | —             | —             |
| Other                                 | 0.3           | 0.1           | —             |
| <b>Total Cash Taxes Paid</b>          | <b>\$ 3.3</b> | <b>\$ 4.3</b> | <b>\$ 9.4</b> |

The state component for 2025 and prior years primarily relates to Pennsylvania, Virginia and local Ohio taxes, accounting for greater than 50 percent of the total state tax payments.

**Net Deferred Income Tax Liability Components.** Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liabilities were as follows:

| At December 31, (in millions)                                                     | 2025              | 2024              |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax liabilities</b>                                                   |                   |                   |
| Accelerated depreciation and other property differences                           | \$ 1,552.0        | \$ 1,419.4        |
| Partnership basis differences                                                     | 1,431.1           | 1,328.6           |
| Other regulatory assets                                                           | 210.3             | 210.1             |
| <b>Total Deferred Tax Liabilities</b>                                             | <b>3,193.4</b>    | <b>2,958.1</b>    |
| <b>Deferred tax assets</b>                                                        |                   |                   |
| Other regulatory liabilities and deferred investment tax credits (including TCJA) | 185.1             | 170.4             |
| Pension and other postretirement/postemployment benefits                          | 32.0              | 58.8              |
| Net operating loss carryforwards                                                  | 326.0             | 369.4             |
| Environmental liabilities                                                         | 10.3              | 12.2              |
| Other accrued liabilities                                                         | 49.6              | 43.4              |
| Disallowed §163(j) interest expense carryforward                                  | 8.4               | —                 |
| General business credits                                                          | 77.3              | 20.5              |
| Other, net                                                                        | 19.4              | 8.2               |
| <b>Total Deferred Tax Assets</b>                                                  | <b>708.1</b>      | <b>682.9</b>      |
| Valuation Allowance                                                               | (14.8)            | (6.4)             |
| <b>Net Deferred Tax Assets</b>                                                    | <b>693.3</b>      | <b>676.5</b>      |
| <b>Net Deferred Tax Liabilities</b>                                               | <b>\$ 2,500.1</b> | <b>\$ 2,281.6</b> |

Deferred tax assets include amounts for disallowed §163(j) interest expense carryforward; during the period, we recorded a valuation allowance on these amounts in accordance with realizability requirements, and corresponds to the unfavorable item presented in the rate reconciliation.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 which provides a safe harbor method of accounting that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve linear property and non-linear natural gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. On June 3, 2024, the IRS extended the favorable rules to a Year 2 adoption period. The Company filed a method change with its 2024 consolidated tax return filing to elect this change in tax accounting method under the cutoff method.

In connection with the NIPSCO Minority Interest Transaction, NIPSCO's deferred taxes were removed from its GAAP books and were reconstituted as deferred taxes on the outside basis difference of NiSource's investment in NIPSCO Holdings II. These deferred taxes are reflected as partnership basis differences above.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

NiSource has the following deductible loss and credit carryforwards:

| At December 31, 2025 (in millions)               | Deductible Amount | Deferred Tax Asset | Valuation Allowance | Expiration Period |
|--------------------------------------------------|-------------------|--------------------|---------------------|-------------------|
| Federal losses                                   | \$ 1,192.0        | \$ 250.3           | \$ —                | Indefinite        |
| Federal investment tax credits                   | —                 | 31.0               | —                   | 2043-2045         |
| Federal production tax credits                   | —                 | 23.4               | —                   | 2040-2045         |
| Federal other credit                             | —                 | 22.9               | —                   | 2029-2045         |
| Federal disallowed interest expense carryforward | —                 | 8.4                | (8.4)               | Indefinite        |
| State losses                                     | 1,867.1           | 75.4               | (6.4)               | 2029-2045         |
| <b>Total</b>                                     |                   | <b>\$ 411.4</b>    | <b>\$ (14.8)</b>    |                   |

We believe it is not more likely than not that the Federal §163(j) disallowed interest expense carryforward and a portion of the benefit from certain state net operating loss carryforwards will be realized. We have recorded a valuation allowance of \$8.4 million on the deferred tax asset related to the Federal §163(j) interest expense carryforward and \$6.4 million related to Massachusetts Net Operating Losses reflected in table presented above.

**Unrecognized Tax Benefits.** A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| At December, (in millions)                            | 2025           | 2024           | 2023           |
|-------------------------------------------------------|----------------|----------------|----------------|
| <b>Opening Balance</b>                                | <b>\$ 21.7</b> | <b>\$ 21.7</b> | <b>\$ 21.7</b> |
| Gross decreases - tax positions in prior period       | —              | —              | —              |
| Gross increases - current period tax positions        | —              | —              | —              |
| <b>Ending Balance</b>                                 | <b>\$ 21.7</b> | <b>\$ 21.7</b> | <b>\$ 21.7</b> |
| Offset for net operating loss carryforwards           | (21.7)         | (21.7)         | (21.7)         |
| <b>Balance, Less Net Operating Loss Carryforwards</b> | <b>\$ —</b>    | <b>\$ —</b>    | <b>\$ —</b>    |

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP, which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2025, tax years through 2023 have been audited and are closed to further assessment. NiSource has not yet received a final acceptance letter from the IRS for its 2024 return. However, no adjustments are expected.

The statute of limitations in each of the state jurisdictions in which we operate remains open between 3-4 years from the date the state income tax returns are filed. As of December 31, 2025, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is obligated to report adjustments resulting from IRS audits or settlements to state taxing authorities. In addition, if NiSource utilizes net operating losses or tax credits generated in years for which the statute of limitations has expired, such amounts are generally subject to examination.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**16. Pension and Other Postemployment 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. Certain employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

***Our Pension and Other Postretirement Benefit Plans' Asset Management.*** The Board has delegated oversight of the pension and other postretirement benefit plans' assets to the NiSource Benefits Committee (the "Committee"). The Committee has adopted investment policy statements for the pension and other postretirement benefit plans' assets. For the pension plans, we employ a liability-driven investing strategy. A total return approach is utilized for some of the other postretirement benefit plans' assets. A mix of diversified investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. The investment portfolio includes U.S. and non-U.S. equities, real estate, long-term and intermediate-term fixed income and alternative investments. Risk tolerance is established through careful consideration of plan liabilities, funded status, and asset class volatility. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

In determining the expected long-term rate of return on plan assets, historical markets are studied, relationships between equities and fixed income are analyzed and current market factors, such as inflation and interest rates are evaluated with consideration of diversification and rebalancing. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding long-term capital market assumptions for each asset class. The pension plans' investment policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans' increase.

As of December 31, 2025 and December 31, 2024, the acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

| December 31, 2025<br><b>Asset Category</b> | <b>Defined Benefit Pension Plan</b> |         | <b>Postretirement Benefit Plan</b> |         |
|--------------------------------------------|-------------------------------------|---------|------------------------------------|---------|
|                                            | Minimum                             | Maximum | Minimum                            | Maximum |
| Domestic Equities                          | 10%                                 | 30%     | 0%                                 | 55%     |
| International Equities                     | 5%                                  | 15%     | 0%                                 | 25%     |
| Fixed Income                               | 65%                                 | 75%     | 20%                                | 100%    |
| Private Equity                             | 0%                                  | 3%      | 0%                                 | 0%      |
| Short-Term Investments                     | 0%                                  | 10%     | 0%                                 | 10%     |

| December 31, 2024<br><b>Asset Category</b> | <b>Defined Benefit Pension Plan</b> |         | <b>Postretirement Benefit Plan</b> |         |
|--------------------------------------------|-------------------------------------|---------|------------------------------------|---------|
|                                            | Minimum                             | Maximum | Minimum                            | Maximum |
| Domestic Equities                          | 10%                                 | 30%     | 0%                                 | 55%     |
| International Equities                     | 5%                                  | 15%     | 0%                                 | 25%     |
| Fixed Income                               | 65%                                 | 75%     | 20%                                | 100%    |
| Private Equity                             | 0%                                  | 3%      | 0%                                 | 0%      |
| Short-Term Investments                     | 0%                                  | 10%     | 0%                                 | 10%     |

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The actual Pension Plan and Postretirement Plan Asset Mix at December 31, 2025 and December 31, 2024 are as follows:

| <b>Asset Class (in millions)</b> | <b>Defined Benefit<br/>Pension<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2025</b> | <b>Postretirement<br/>Benefit Plan<br/>Assets</b> | <b>December 31,<br/>2025</b> |
|----------------------------------|-------------------------------------------------------------|------------------------------|---------------------------------------------------|------------------------------|
|                                  | <b>Asset Value</b>                                          | <b>% of Total<br/>Assets</b> | <b>Asset Value</b>                                | <b>% of Total<br/>Assets</b> |
| Domestic Equities                | \$ 270.0                                                    | 20.2 %                       | \$ 105.4                                          | 40.8 %                       |
| International Equities           | 137.5                                                       | 10.3 %                       | 48.8                                              | 18.9 %                       |
| Fixed Income                     | 869.0                                                       | 64.9 %                       | 99.2                                              | 38.5 %                       |
| Cash/Other                       | 61.9                                                        | 4.6 %                        | 4.6                                               | 1.8 %                        |
| <b>Total</b>                     | <b>\$ 1,338.4</b>                                           | <b>100.0 %</b>               | <b>\$ 258.0</b>                                   | <b>100.0 %</b>               |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

| <b>Asset Class (in millions)</b> | <b>Defined Benefit<br/>Pension<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2024</b> | <b>Postretirement<br/>Benefit Plan<br/>Assets<sup>(1)</sup></b> | <b>December 31,<br/>2024</b> |
|----------------------------------|-------------------------------------------------------------|------------------------------|-----------------------------------------------------------------|------------------------------|
|                                  | <b>Asset Value</b>                                          | <b>% of Total<br/>Assets</b> | <b>Asset Value</b>                                              | <b>% of Total<br/>Assets</b> |
| Domestic Equities                | \$ 258.9                                                    | 19.4 %                       | \$ 99.6                                                         | 40.9 %                       |
| International Equities           | 122.5                                                       | 9.2 %                        | 40.7                                                            | 16.7 %                       |
| Fixed Income                     | 891.2                                                       | 66.7 %                       | 96.5                                                            | 39.6 %                       |
| Real Estate                      | 4.0                                                         | 0.3 %                        | —                                                               | —                            |
| Cash/Other                       | 59.8                                                        | 4.4 %                        | 6.7                                                             | 2.8 %                        |
| <b>Total</b>                     | <b>\$ 1,336.4</b>                                           | <b>100.0 %</b>               | <b>\$ 243.5</b>                                                 | <b>100.0 %</b>               |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

The categorization of investments into the asset classes in the tables above are based on definitions established by the Committee.

**Fair Value Measurements.** The following table sets forth, by level within the fair value hierarchy, the pension and other postretirement benefits investment assets at fair value as of December 31, 2025 and 2024. Assets are classified in their entirety based on the observability of inputs used in determining the fair value measurement. There were no material investment assets in the pension and other postretirement benefits trusts classified within Level 3 for the years ended December 31, 2025 and 2024.

We use the following valuation techniques to determine fair value. For the year ended December 31, 2025, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

**Level 1 Measurements**

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost, which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

**Level 2 Measurements**

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

**Level 3 Measurements**

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

*Not Classified*

Commingled funds, private equity limited partnerships and real estate partnerships are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity funds invest capital in non-public companies and real estate funds invest in commercial and distressed real estate directly or through related debt instruments. The fair value of these investments is determined by reference to the funds' underlying assets.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Fair Value Measurements at December 31, 2025:

| <i>(in millions)</i>                                              | December 31,<br>2025 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                     |                                                 |
| Cash                                                              | \$ 0.5               | \$ 0.5                                                                  | \$ —                                                | \$ —                                            |
| Fixed income securities                                           |                      |                                                                         |                                                     |                                                 |
| Government                                                        | 197.1                | —                                                                       | 197.1                                               | —                                               |
| Corporate                                                         | 471.5                | —                                                                       | 471.5                                               | —                                               |
| Mortgages/ Asset Backed Securities                                | 3.9                  | —                                                                       | 3.9                                                 | —                                               |
| Other fixed income                                                | 0.1                  | —                                                                       | 0.1                                                 | —                                               |
| Derivatives                                                       |                      |                                                                         |                                                     |                                                 |
| Assets                                                            | 0.6                  | —                                                                       | 0.6                                                 | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 53.9                 | 53.9                                                                    | —                                                   | —                                               |
| International equities                                            | 34.0                 | 34.0                                                                    | —                                                   | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 2.4                  | —                                                                       | —                                                   | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.2                  | —                                                                       | —                                                   | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                   | —                                               |
| Real estate <sup>(1)</sup>                                        | —                    | —                                                                       | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 50.1                 | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 216.1                | —                                                                       | —                                                   | —                                               |
| International equities                                            | 103.6                | —                                                                       | —                                                   | —                                               |
| Fixed income                                                      | 196.5                | —                                                                       | —                                                   | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,330.6</b>    | <b>\$ 88.4</b>                                                          | <b>\$ 673.2</b>                                     | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                     |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 92.4                 | 92.4                                                                    | —                                                   | —                                               |
| International equities                                            | 16.8                 | 16.8                                                                    | —                                                   | —                                               |
| Fixed income                                                      | 99.2                 | 99.2                                                                    | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 4.6                  | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 13.0                 | —                                                                       | —                                                   | —                                               |
| International equities                                            | 32.1                 | —                                                                       | —                                                   | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 258.1</b>      | <b>\$ 208.4</b>                                                         | <b>\$ —</b>                                         | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.6)                | —                                                                       | (0.6)                                               | —                                               |
| Accrued income/dividends                                          | 8.3                  | 8.3                                                                     | —                                                   | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,596.4</b>    | <b>\$ 305.1</b>                                                         | <b>\$ 672.6</b>                                     | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2025:

| <i>(in millions)</i>                                               | Fair Value      | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption Notice<br>Period |
|--------------------------------------------------------------------|-----------------|-------------------------|-------------------------|-----------------------------|
| Commingled Funds                                                   |                 |                         |                         |                             |
| Short-term money markets                                           | \$ 54.7         | \$ —                    | Daily                   | 1 day                       |
| U.S. equities                                                      | 229.1           | —                       | Daily                   | 1 day - 10 days             |
| International equities                                             | 135.7           | —                       | Monthly                 | 1 day-10 days               |
| Fixed income                                                       | 196.5           | —                       | Daily                   | 2 days                      |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 2.7             | 9.3                     | N/A                     | N/A                         |
| <b>Total</b>                                                       | <b>\$ 618.7</b> | <b>\$ 9.3</b>           |                         |                             |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.



**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Fair Value Measurements at December 31, 2024:

| <i>(in millions)</i>                                              | December 31,<br>2024 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                     |                                                 |
| Cash                                                              | \$ 1.2               | \$ 1.1                                                                  | \$ 0.1                                              | \$ —                                            |
| Fixed income securities                                           |                      |                                                                         |                                                     |                                                 |
| Government                                                        | 186.8                | —                                                                       | 186.8                                               | —                                               |
| Corporate                                                         | 486.6                | —                                                                       | 486.6                                               | —                                               |
| Mortgages/Asset backed securities                                 | 3.6                  | —                                                                       | 3.6                                                 | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 56.1                 | 56.1                                                                    | —                                                   | —                                               |
| International equities                                            | 57.2                 | 57.2                                                                    | —                                                   | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 3.1                  | —                                                                       | —                                                   | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.8                  | —                                                                       | —                                                   | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                   | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                       | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 45.9                 | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 202.8                | —                                                                       | —                                                   | —                                               |
| International equities                                            | 65.3                 | —                                                                       | —                                                   | —                                               |
| Fixed income                                                      | 214.1                | —                                                                       | —                                                   | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,327.6</b>    | <b>\$ 114.4</b>                                                         | <b>\$ 677.1</b>                                     | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                     |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                     |                                                 |
| U.S. multi-strategy                                               | 87.4                 | 87.4                                                                    | —                                                   | —                                               |
| International equities                                            | 16.5                 | 16.5                                                                    | —                                                   | —                                               |
| Fixed income                                                      | 96.5                 | 96.5                                                                    | —                                                   | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                     |                                                 |
| Short-term money markets                                          | 6.7                  | —                                                                       | —                                                   | —                                               |
| U.S. equities                                                     | 12.2                 | —                                                                       | —                                                   | —                                               |
| International equities                                            | 24.2                 | —                                                                       | —                                                   | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 243.5</b>      | <b>\$ 200.4</b>                                                         | <b>\$ —</b>                                         | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.1)                | —                                                                       | (0.1)                                               | —                                               |
| Accrued income/dividends                                          | 8.9                  | 8.9                                                                     | —                                                   | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,579.9</b>    | <b>\$ 323.7</b>                                                         | <b>\$ 677.0</b>                                     | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2024:

| <i>(in millions)</i>                                               | Fair Value | Redemption Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|------------|----------------------|--------------------------|
| Commingled Funds                                                   |            |                      |                          |
| Short-term money markets                                           | \$ 52.6    | Daily                | 1 day                    |
| U.S. equities                                                      | 215.0      | Daily                | 1 day -5 days            |
| International equities                                             | 89.5       | Monthly              | 10 days - 30 days        |
| Fixed income                                                       | 214.1      | Daily                | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 8.0        | N/A                  | N/A                      |
| Total                                                              | \$ 579.2   |                      |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure.** The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

| (in millions)                                                                                                   | Pension Benefits  |                   | Other Postretirement Benefits |                   |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
|                                                                                                                 | 2025              | 2024              | 2025                          | 2024              |
| <b>Change in projected benefit obligation<sup>(1)</sup></b>                                                     |                   |                   |                               |                   |
| Benefit obligation at beginning of year                                                                         | \$ 1,287.4        | \$ 1,401.8        | \$ 436.3                      | \$ 468.8          |
| Service cost                                                                                                    | 19.7              | 21.9              | 4.0                           | 5.0               |
| Interest cost                                                                                                   | 64.1              | 64.9              | 21.6                          | 22.0              |
| Plan participants' contributions                                                                                | —                 | —                 | 4.0                           | 3.6               |
| Plan amendments                                                                                                 | —                 | —                 | (30.3)                        | —                 |
| Actuarial loss (gain) <sup>(2)</sup>                                                                            | 34.8              | (64.8)            | (1.8)                         | (22.5)            |
| Benefits paid                                                                                                   | (135.2)           | (136.4)           | (39.0)                        | (40.7)            |
| Estimated benefits paid by incurred subsidy                                                                     | —                 | —                 | 0.1                           | 0.1               |
| <b>Projected benefit obligation at end of year</b>                                                              | <b>\$ 1,270.8</b> | <b>\$ 1,287.4</b> | <b>\$ 394.9</b>               | <b>\$ 436.3</b>   |
| <b>Change in plan assets</b>                                                                                    |                   |                   |                               |                   |
| Fair value of plan assets at beginning of year                                                                  | \$ 1,336.5        | \$ 1,426.8        | \$ 243.2                      | \$ 236.5          |
| Actual return on plan assets                                                                                    | 132.8             | 43.7              | 28.7                          | 20.0              |
| Employer contributions                                                                                          | 2.0               | 2.4               | 20.7                          | 23.6              |
| Plan participants' contributions                                                                                | —                 | —                 | 4.0                           | 3.8               |
| Benefits paid                                                                                                   | (135.2)           | (136.4)           | (39.0)                        | (40.7)            |
| <b>Fair value of plan assets at end of year</b>                                                                 | <b>\$ 1,336.1</b> | <b>\$ 1,336.5</b> | <b>\$ 257.6</b>               | <b>\$ 243.2</b>   |
| <b>Funded Status at end of year</b>                                                                             | <b>\$ 65.3</b>    | <b>\$ 49.1</b>    | <b>\$ (137.3)</b>             | <b>\$ (193.1)</b> |
| <b>Amounts recognized in the statement of financial position consist of:</b>                                    |                   |                   |                               |                   |
| Noncurrent assets                                                                                               | \$ 82.8           | \$ 66.5           | \$ 0.5                        | \$ —              |
| Current liabilities                                                                                             | (2.6)             | (2.3)             | (1.0)                         | (1.0)             |
| Noncurrent liabilities                                                                                          | (14.9)            | (15.1)            | (136.8)                       | (192.1)           |
| <b>Net amount recognized at end of year<sup>(3)</sup></b>                                                       | <b>\$ 65.3</b>    | <b>\$ 49.1</b>    | <b>\$ (137.3)</b>             | <b>\$ (193.1)</b> |
| <b>Amounts recognized in accumulated other comprehensive income or regulatory asset/liability<sup>(4)</sup></b> |                   |                   |                               |                   |
| Unrecognized prior service credit                                                                               | \$ 0.2            | \$ 0.3            | \$ (23.8)                     | \$ 3.8            |
| Unrecognized actuarial loss                                                                                     | 413.8             | 451.4             | 28.1                          | 47.0              |
| <b>Net amount recognized at end of year</b>                                                                     | <b>\$ 414.0</b>   | <b>\$ 451.7</b>   | <b>\$ 4.3</b>                 | <b>\$ 50.8</b>    |

<sup>(1)</sup>The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.

<sup>(2)</sup>The pension actuarial loss (gain) as of December 31, 2025 and December 31, 2024 was primarily driven by the decrease in discount rates interest rate movements and the increase in discount rates interest rate movements, respectively. The postretirement benefit actuarial (gain) as of December 31, 2025 and December 31, 2024 was primarily driven by claims experience changes in trend rates.

<sup>(3)</sup>We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

<sup>(4)</sup>We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of \$433.1 million and zero, respectively, as of December 31, 2025, and \$485.3 million and zero, respectively, as of December 31, 2024 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was \$1,263.0 million and \$1,278.4 million as of December 31, 2025 and 2024, respectively. The accumulated benefit obligation at each date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of our pension and postretirement benefit plans on the Consolidated Balance Sheet. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

For our pension plans as of December 31, 2025 and 2024, only our nonqualified plans were underfunded. These plans have no assets as they are not funded until benefits are paid. The following table sets forth the year end accumulated benefit obligation and projected benefit obligation for pension plans with a projected benefit obligation in excess of plan assets:

| <i>(in millions)</i>                                             | <b>December 31,</b> |                  |
|------------------------------------------------------------------|---------------------|------------------|
|                                                                  | <b>2025</b>         | <b>2024</b>      |
| Accumulated Benefit Obligation                                   | \$ 17.5             | \$ 17.4          |
| Funded Status                                                    |                     |                  |
| Projected Benefit Obligation                                     | \$ 17.5             | \$ 17.4          |
| <b>Funded Status of Underfunded Pension Plans at End of Year</b> | <b>\$ (17.5)</b>    | <b>\$ (17.4)</b> |

The following table sets forth the year end accumulated benefit obligation, projected benefit obligation and fair value of plan assets for pension plans with plan assets in excess of the projected benefit obligation:

| <i>(in millions)</i>                                            | <b>December 31,</b> |                |
|-----------------------------------------------------------------|---------------------|----------------|
|                                                                 | <b>2025</b>         | <b>2024</b>    |
| Accumulated Benefit Obligation                                  | \$ 1,245.5          | \$ 1,261.0     |
| Funded Status                                                   |                     |                |
| Fair Value of Plan Assets                                       | \$ 1,336.1          | \$ 1,336.4     |
| Projected Benefit Obligation                                    | 1,253.3             | 1,269.9        |
| <b>Funded Status of Overfunded Pension Plans at End of Year</b> | <b>\$ 82.8</b>      | <b>\$ 66.5</b> |

Our pension plans were overfunded, in aggregate, by \$65.3 million at December 31, 2025 compared to being overfunded by \$49.1 million at December 31, 2024. The improvement in the funded status was primarily due to actual return on assets exceeding the expected return on assets, partially offset by a decrease in discount rates. We contributed \$2.0 million and \$2.4 million to our pension plans in 2025 and 2024, respectively.

Our other postretirement benefit plans were underfunded, in aggregate by \$137.3 million and \$193.1 million at December 31, 2025 and 2024, respectively. The change in funded status was primarily due to actual return on assets exceeding the expected return on assets, partially offset by a decrease in discount rates. We contributed \$20.7 million and \$23.6 million to our other postretirement benefit plans in 2025 and 2024, respectively.

In 2025 and 2024, our Columbia Energy Group pension plan paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of \$6.5 million and \$7.2 million in 2025 and 2024, respectively. In 2025 and 2024, no remeasurement occurred related to lump sum payouts.

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

|                                                                     | Pension Benefits |        | Other Postretirement Benefits |        |
|---------------------------------------------------------------------|------------------|--------|-------------------------------|--------|
|                                                                     | 2025             | 2024   | 2025                          | 2024   |
| <b>Weighted-average assumptions to Determine Benefit Obligation</b> |                  |        |                               |        |
| Discount Rate                                                       | 5.28 %           | 5.58 % | 5.45 %                        | 5.66 % |
| Rate of Compensation Increases                                      | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Interest Crediting Rates                                            | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Health Care Trend Rates                                             |                  |        |                               |        |
| Trend for Next Year                                                 | N/A              | N/A    | 9.52 %                        | 9.77 % |
| Ultimate Trend                                                      | N/A              | N/A    | 4.75 %                        | 4.75 % |
| Year Ultimate Trend Reached                                         | N/A              | N/A    | 2034                          | 2033   |

We expect to make contributions of approximately \$2.7 million to our pension plans and approximately \$18.3 million to our postretirement medical and life plans in 2026.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

| (in millions) | Pension Benefits | Other Postretirement Benefits |
|---------------|------------------|-------------------------------|
| Year(s)       |                  |                               |
| 2026          | \$ 151.9         | \$ 31.4                       |
| 2027          | 130.3            | 31.3                          |
| 2028          | 126.6            | 31.1                          |
| 2029          | 119.4            | 31.0                          |
| 2030          | 115.7            | 31.2                          |
| 2031-2035     | 510.7            | 152.9                         |

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2025, 2024 and 2023:

| (in millions)                                                         | Pension Benefits |                |                | Other Postretirement Benefits |                |                |
|-----------------------------------------------------------------------|------------------|----------------|----------------|-------------------------------|----------------|----------------|
|                                                                       | 2025             | 2024           | 2023           | 2025                          | 2024           | 2023           |
| <b>Components of Net Periodic Benefit (Income) Cost<sup>(1)</sup></b> |                  |                |                |                               |                |                |
| Service cost                                                          | \$ 19.7          | \$ 21.9        | \$ 20.5        | \$ 4.0                        | \$ 5.0         | \$ 5.1         |
| Interest cost                                                         | 64.1             | 64.9           | 68.4           | 21.6                          | 22.0           | 21.8           |
| Expected return on assets                                             | (92.4)           | (95.3)         | (94.5)         | (16.8)                        | (16.1)         | (15.1)         |
| Amortization of prior service cost (credit)                           | 0.1              | 0.1            | 0.1            | (2.6)                         | (1.8)          | (2.1)          |
| Recognized actuarial loss                                             | 25.5             | 28.6           | 33.7           | 1.7                           | 3.2            | 3.3            |
| One-time charge                                                       | 6.5              | 7.2            | 9.2            | 3.5                           | —              | —              |
| <b>Total Net Periodic Benefits Cost</b>                               | <b>\$ 23.5</b>   | <b>\$ 27.4</b> | <b>\$ 37.4</b> | <b>\$ 11.4</b>                | <b>\$ 12.3</b> | <b>\$ 13.0</b> |

<sup>(1)</sup>Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income. Non-service cost components are presented within "Other, net."

**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

|                                                                            | Pension Benefits |        |        | Other Postretirement Benefits |        |        |
|----------------------------------------------------------------------------|------------------|--------|--------|-------------------------------|--------|--------|
|                                                                            | 2025             | 2024   | 2023   | 2025                          | 2024   | 2023   |
| <b>Weighted-average Assumptions to Determine Net Periodic Benefit Cost</b> |                  |        |        |                               |        |        |
| Discount rate - service cost                                               | 5.74 %           | 5.06 % | 5.25 % | 5.89 %                        | 5.14 % | 5.30 % |
| Discount rate - interest cost                                              | 5.28 %           | 4.88 % | 5.06 % | 5.35 %                        | 4.89 % | 5.07 % |
| Expected long-term rate of return on plan assets                           | 7.30 %           | 7.02 % | 7.00 % | 7.09 %                        | 7.06 % | 6.96 % |
| Rate of compensation increases                                             | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |
| Interest crediting rates                                                   | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |

We assumed a 7.30% and 7.09% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2025 pension benefits and other postretirement benefits costs. These rates were primarily based on asset mix and historical rates of return and were adjusted in 2025 due to changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

| (in millions)                                                                                                                                   | Pension Benefits |                  | Other Postretirement Benefits |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------------------|------------------|
|                                                                                                                                                 | 2025             | 2024             | 2025                          | 2024             |
| <b>Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b> |                  |                  |                               |                  |
| Net prior service (credit) cost                                                                                                                 | \$ —             | \$ —             | \$ (30.3)                     | \$ —             |
| Net actuarial (gain) loss                                                                                                                       | (5.6)            | (13.1)           | (13.7)                        | (26.4)           |
| One time charge                                                                                                                                 | (6.5)            | (7.2)            | (3.4)                         | —                |
| Less: amortization of prior service cost                                                                                                        | (0.1)            | (0.1)            | 2.6                           | 1.8              |
| Less: amortization of net actuarial loss                                                                                                        | (25.5)           | (28.6)           | (1.7)                         | (3.2)            |
| <b>Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>                                                          | <b>\$ (37.7)</b> | <b>\$ (49.0)</b> | <b>\$ (46.5)</b>              | <b>\$ (27.8)</b> |
| <b>Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability</b>                          | <b>\$ (14.2)</b> | <b>\$ (21.6)</b> | <b>\$ (35.1)</b>              | <b>\$ (15.5)</b> |

In August 2025, we communicated to plan participants of one of our OPEB plans the intention to move from a group self insured Medicare supplemental health plan to a Sponsored Health Reimbursement Account, with eligible retirees electing coverage through a Healthcare Exchange, effective on January 1, 2026. Given the intention of the plan and communication to participants, this was considered a plan amendment at the time of communication. This plan amendment triggered remeasurement of this plan, resulting in a decrease to the OPEB regulatory asset of \$5.7 million, a decrease to OPEB liability of \$23.3 million, and an increase to accumulated other comprehensive loss of \$17.6 million. Net periodic OPEB benefit cost for 2025 decreased by \$1.7 million as a result of the interim remeasurement. Additionally, this change resulted in the Net prior service (credit) cost of \$30.3 million in the table above.

In line with the remeasurement, key inputs, economic assumptions, and demographic assumptions changed to calculate the updated OPEB benefit obligation and the net periodic benefit cost at the interim remeasurement date for the plan that triggered settlement accounting. For remeasurement, we used a weighted-average discount rate of 5.53%, a weighted-average health care trend rate of 9.97% for next year and ultimate trend rate of 4.75% to be reached in 2034, and weighted-average expected return on assets of 6.88%.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**17. Share-Based Compensation**

Prior to May 19, 2020, we issued share-based compensation to employees and non-employee directors under the NiSource Inc. 2010 Omnibus Plan ("2010 Omnibus Plan"), which was most recently approved by stockholders at the Annual Meeting of Stockholders held on May 12, 2015. The 2010 Omnibus Plan provided for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and superseded the Director Stock Incentive Plan ("Director Plan") with respect to grants made after the effective date of the 2010 Omnibus Plan.

The stockholders approved and adopted the NiSource Inc. 2020 Omnibus Incentive Plan ("2020 Omnibus Plan") at the Annual Meeting of Stockholders held on May 19, 2020. The 2020 Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the 2010 Omnibus Plan with respect to grants made after the effective date of the 2020 Omnibus Plan.

The 2020 Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 10,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under the 2020 Omnibus Plan, the 2010 Omnibus Plan or any other equity plan under which awards were outstanding as of May 19, 2020. At December 31, 2025, there were 6,537,216 shares available for future awards under the 2020 Omnibus Plan.

We recognized stock-based employee compensation expense of \$40.9 million, \$32.1 million and \$23.9 million, during 2025, 2024 and 2023, respectively, as well as capitalized stock-based compensation cost of \$5.1 million, \$4.1 million, and zero during the same periods. We recognized related tax benefits of \$11.1 million, \$7.0 million and \$7.7 million, during 2025, 2024 and 2023, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of \$5.1 million, \$2.0 million, and \$2.9 million in 2025, 2024 and 2023, respectively.

As of December 31, 2025, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$59.2 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

***Restricted Stock Units and Restricted Stock.*** We granted 550,614, 655,713, and 500,968 restricted stock units and shares of restricted stock to employees, subject to service conditions in 2025, 2024, and 2023, respectively. The total grant date fair value of the restricted stock units and shares of restricted stock during 2025, 2024, and 2023, respectively, was \$21.2 million, \$17.1 million, and \$13.7 million. The grant date fair value for the 2025, 2024 and 2023 awards is based on the average market price of our common stock at the date of each grant. The awards are expensed over the vesting period which is generally three years. As of December 31, 2025, 521,157, 508,444, and 316,439 non-vested restricted stock units and shares of restricted stock granted in 2025, 2024, and 2023, respectively, were outstanding. Our non-vested restricted stock units have a non-forfeitable right to dividend equivalents, with immaterial amounts paid in the periods ending December 31, 2025 and 2023. See Note 5, "Earnings Per Share," for further discussion.

In general, if an employee terminates employment before the service conditions lapse under the 2023, 2024 or 2025 awards due to (i) retirement or disability (as defined in the 2020 Omnibus Plan), or (ii) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the 2020 Omnibus Plan), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason, in general, will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

A summary of our restricted stock unit award transactions for the year ended December 31, 2025 is as follows:

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| <i>(shares)</i>                        | Restricted Stock<br>Units | Weighted Average<br>Award Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|---------------------------|------------------------------------------------------------|
| Non-vested at December 31, 2024        | 1,328,120                 | 26.49                                                      |
| Granted                                | 550,614                   | 38.59                                                      |
| Forfeited                              | (92,759)                  | 29.98                                                      |
| Vested                                 | (368,139)                 | 26.57                                                      |
| <b>Non-vested at December 31, 2025</b> | <b>1,417,836</b>          | <b>31.19</b>                                               |

**Employee Performance Shares.** We granted 643,683 performance shares subject to service, performance and/or market-based vesting conditions in 2025. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 30%, and 20% of the issued awards respectively.

The non-GAAP financial measure is cumulative adjusted earnings per share, which we define as diluted earnings per share adjusted for certain items. Relative total shareholder return, a market-based vesting condition, which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price over the performance period, approximately) compared to the total shareholder return of a predetermined peer group of companies. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the non-GAAP financial measure shares is based on the closing stock price of our common stock at the date of each grant, which will be expensed over the requisite service period of three years. The conditions for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2024, we granted 896,363 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 55%, 25%, and 20% of the issued awards respectively. The conditions for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2023, we granted 649,088 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 25%, and 25% of the issued awards respectively. The operational metrics consist of goals of economic inclusion (5%), OPEX ("Operating Expenses") Index (10%), Employee Engagement Index Score (5%), and Environmental GHG Reduction (5%). The OPEX Index is further defined by goals related to risk mitigation and modernization of our infrastructure.



**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table presents details of the performance awards described above.

| Award Year | Service Conditions<br>Lapse date | Performance Period        | Award Conditions                                     | Shares outstanding<br>at 12/31/2025<br>(shares) | Grant Date Fair<br>Value<br>(in millions) |
|------------|----------------------------------|---------------------------|------------------------------------------------------|-------------------------------------------------|-------------------------------------------|
| 2025       | 2/29/2028                        | 01/01/2025-<br>12/31/2027 | Non-GAAP<br>Financial and<br>Operational<br>Measures | 449,007                                         | \$ 11.5                                   |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 190,095                                         | \$ 4.7                                    |
| 2024       | 2/26/2027                        | 01/01/2024-<br>12/31/2026 | Non-GAAP<br>Financial and<br>Operational<br>Measures | 610,945                                         | \$ 15.7                                   |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 203,614                                         | \$ 6.2                                    |
| 2023       | 2/28/2026                        | 01/01/2023-<br>12/31/2025 | Non-GAAP<br>Financial and<br>Operational<br>Measures | 421,980                                         | \$ 17.1                                   |
|            |                                  |                           | Relative Total<br>Shareholder Return                 | 140,647                                         | \$ 9.3                                    |

A summary of our performance award transactions for the year ended December 31, 2025 is as follows:

| (shares)                               | Performance<br>Awards | Weighted Average<br>Grant Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|-----------------------|------------------------------------------------------------|
| Non-vested at December 31, 2024        | 1,719,223             | 24.96                                                      |
| Granted                                | 643,683               | 41.26                                                      |
| Forfeited                              | (83,879)              | 31.36                                                      |
| Vested                                 | (334,843)             | 32.91                                                      |
| <b>Non-vested at December 31, 2025</b> | <b>1,944,184</b>      | <b>18.93</b>                                               |

**Non-employee Director Awards.** As of May 19, 2020, awards to non-employee directors may be made only under the 2020 Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's deferral election. Certain restricted stock units remain outstanding from the 2010 Omnibus Plan and the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2025, 292,441 restricted stock units are outstanding to non-employee directors under either the 2020 Omnibus Plan, the 2010 Omnibus Plan or the Director Plan. Of this amount, 50,612 restricted stock units are unvested and expected to vest.

**401(k) Match, Profit Sharing and Company Contribution.** Eligible salaried employees hired after January 1, 2010 and hourly and union employees hired after January 1, 2013 receive a non-elective company contribution of 4.5% of eligible pay payable in cash or shares of NiSource common stock. We also have a voluntary 401(k) savings plan covering eligible union and nonunion employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash or shares. Further, we have a retirement savings plan that provides for discretionary profit sharing contributions to eligible employees. For the years ended December 31, 2025, 2024 and 2023, we recognized 401(k) match, profit sharing and non-elective contribution expense of \$59.0 million, \$56.9 million and \$50.7 million, respectively.

**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**18. Leases**

**Lease Descriptions.** We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, land, and fleet vehicles. Our corporate and field office leases and certain land leases have remaining terms between 1 and 38 years with options to renew the leases for up to 35 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements which have remaining lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles for 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. We elected the short-term lease practical expedient, allowing us to not recognize ROU assets or lease liabilities for all leases with a term of 12 months or less. ROU assets and liabilities on our Consolidated Balance Sheets do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases. ASC 842 permits a lessee, by class of underlying asset, not to separate nonlease components from lease components. Our policy is to apply this expedient for our leases of fleet vehicles, IT assets and railcars when calculating their respective lease liabilities.

Lease costs for the years ended December 31, 2025 and December 31, 2024 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

| Year Ended December 31, (in millions) | Income Statement Classification | 2025    | 2024    |
|---------------------------------------|---------------------------------|---------|---------|
| <b>Finance lease cost</b>             |                                 |         |         |
| Amortization of right-of-use assets   | Depreciation and amortization   | \$ 20.5 | \$ 27.1 |
| Interest on lease liabilities         | Interest expense, net           | 12.9    | 13.5    |
| Total finance lease cost              |                                 | 33.4    | 40.6    |
| Operating lease cost                  | Operation and maintenance       | 14.3    | 14.7    |
| Total lease cost                      |                                 | \$ 47.7 | \$ 55.3 |

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

| At December 31, (in millions) | Balance Sheet Classification                          | 2025     | 2024     |
|-------------------------------|-------------------------------------------------------|----------|----------|
| <b>Assets</b>                 |                                                       |          |          |
| Finance leases                | Net Property, Plant and Equipment                     | \$ 249.8 | \$ 222.9 |
| Operating leases              | Deferred charges and other                            | 25.8     | 26.4     |
| Total leased assets           |                                                       | \$ 275.6 | \$ 249.3 |
| <b>Liabilities</b>            |                                                       |          |          |
| <b>Current</b>                |                                                       |          |          |
| Finance leases                | Current portion of long-term debt                     | \$ 19.7  | \$ 22.9  |
| Operating leases              | Other accruals                                        | 9.7      | 9.1      |
| <b>Noncurrent</b>             |                                                       |          |          |
| Finance leases                | Long-term debt, excluding amounts due within one year | 254.3    | 223.3    |
| Operating leases              | Other noncurrent liabilities and deferred credits     | 17.2     | 18.2     |
| Total lease liabilities       |                                                       | \$ 300.9 | \$ 273.5 |

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Other pertinent information related to leases was as follows:

| Year Ended December 31, <i>(in millions)</i>                                  | 2025    | 2024    |
|-------------------------------------------------------------------------------|---------|---------|
| <b>Cash paid for amounts included in the measurement of lease liabilities</b> |         |         |
| Operating cash flows used for finance leases                                  | \$ 14.5 | \$ 11.2 |
| Operating cash flows used for operating leases                                | 15.7    | 14.5    |
| Financing cash flows used for finance leases                                  | 22.0    | 26.9    |
| <b>Right-of-use assets obtained in exchange for lease obligations</b>         |         |         |
| Finance leases                                                                | 50.2    | 65.9    |
| Operating leases                                                              | \$ 13.9 | \$ 12.2 |

|                                                      | December 31, 2025 | December 31, 2024 |
|------------------------------------------------------|-------------------|-------------------|
| <b>Weighted-average remaining lease term (years)</b> |                   |                   |
| Finance leases                                       | 21.8              | 20.5              |
| Operating leases                                     | 5.3               | 5.6               |
| <b>Weighted-average discount rate</b>                |                   |                   |
| Finance leases                                       | 5.7 %             | 5.6 %             |
| Operating leases                                     | 4.5 %             | 4.5 %             |

Maturities of our lease liabilities as of December 31, 2025 were as follows:

| As of December 31, 2025, <i>(in millions)</i> | Total    | Finance Leases | Operating Leases |
|-----------------------------------------------|----------|----------------|------------------|
| 2026                                          | \$ 43.3  | \$ 32.6        | \$ 10.7          |
| 2027                                          | 32.5     | 27.4           | 5.1              |
| 2028                                          | 30.0     | 26.2           | 3.8              |
| 2029                                          | 24.5     | 21.3           | 3.2              |
| 2030                                          | 24.4     | 22.3           | 2.1              |
| Thereafter                                    | 373.7    | 368.1          | 5.6              |
| Total lease payments                          | 528.4    | 497.9          | 30.5             |
| Less: Imputed interest                        | (227.5)  | (223.9)        | (3.6)            |
| Total                                         | \$ 300.9 | \$ 274.0       | \$ 26.9          |
| Reported as of December 31, 2025              |          |                |                  |
| Short-term lease liabilities                  | 29.4     | 19.7           | 9.7              |
| Long-term lease liabilities                   | 271.5    | 254.3          | 17.2             |
| Total lease liabilities                       | \$ 300.9 | \$ 274.0       | \$ 26.9          |

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**19. Other Commitments and Contingencies**

**A. Contractual Obligations.** We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2025 and their maturities were:

| (in millions)                           | Total              | 2026              | 2027              | 2028              | 2029              | 2030              | After              |
|-----------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Long-term debt <sup>(1)</sup>           | \$ 15,345.0        | \$ —              | \$ 1,090.0        | \$ 1,055.0        | \$ 1,350.0        | \$ 1,000.0        | \$ 10,850.0        |
| Interest payments on long-term debt     | 12,361.2           | 729.1             | 725.1             | 675.0             | 647.3             | 575.9             | 9,008.8            |
| Finance leases <sup>(2)</sup>           | 497.9              | 32.6              | 27.4              | 26.2              | 21.3              | 22.3              | 368.1              |
| Operating leases <sup>(3)</sup>         | 30.5               | 10.7              | 5.1               | 3.8               | 3.2               | 2.1               | 5.6                |
| Energy commodity and capacity contracts | 476.9              | 315.9             | 116.7             | 9.3               | 7.6               | 4.6               | 22.8               |
| Service obligations:                    |                    |                   |                   |                   |                   |                   |                    |
| Pipeline service obligations            | 2,829.1            | 809.5             | 879.3             | 482.3             | 326.5             | 156.6             | 174.9              |
| IT service obligations                  | 322.1              | 98.3              | 81.8              | 61.7              | 43.0              | 37.3              | —                  |
| Plant equipment purchase obligations    | 103.3              | 87.6              | 10.4              | 5.3               | —                 | —                 | —                  |
| Other liabilities <sup>(4)</sup>        | 120.3              | 74.0              | 10.1              | 9.5               | 8.4               | 8.0               | 10.3               |
| <b>Total contractual obligations</b>    | <b>\$ 32,086.3</b> | <b>\$ 2,157.7</b> | <b>\$ 2,945.9</b> | <b>\$ 2,328.1</b> | <b>\$ 2,407.3</b> | <b>\$ 1,806.8</b> | <b>\$ 20,440.5</b> |

<sup>(1)</sup> Long-term debt balance excludes unamortized issuance costs and discounts of \$141.5 million and finance leases of \$274.0 million.

<sup>(2)</sup> Finance lease payments shown above are inclusive of interest totaling \$223.9 million.

<sup>(3)</sup> Operating lease payments shown above are inclusive of interest totaling \$3.6 million. Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so as they are renewed month-to-month after the first year.

<sup>(4)</sup> Other liabilities shown above are primarily related to the current EPC contract and ongoing maintenance service agreements for our renewable joint ventures.

**Purchase and Service Obligations.** We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our energy commodity contracts are for the purchase of physical quantities of natural gas, electricity, coal and purchases of electric capacity. Our service obligations, consisting of pipeline service obligations and IT service obligations, encompass a broad range of business support and maintenance functions which are generally described below. Our plant equipment purchase obligations are for plant equipment, typically for generation assets, with long lead times that require payments made over time.

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity, coal and purchases of electric capacity. These amounts represent the minimum quantity of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2025.

NIPSCO has PPAs representing approximately 1,200 MW of capacity, with contracts expiring between 2038 and 2045. No minimum quantities are specified within these agreements due to the variability of electricity generation, so no amounts related to these contracts are included in the table above. Upon early termination of one of these agreements by NIPSCO for any reason (other than material breach by the counterparties), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2030 to 2044, require us to pay fixed monthly charges.

NIPSCO has contracts with three rail operators providing coal transportation services for which there are certain minimum payments. These service contracts extend for various periods from 2026 through 2028.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2030.

**B. 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 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

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**Notes to Consolidated Financial Statements**

the subsidiaries' intended commercial purposes. At December 31, 2025 and 2024, we issued letters of credit of \$119.0 million and \$9.4 million, respectively, for the benefit of third parties.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At December 31, 2025 and 2024, our guarantees for multiple BTAs totaled \$27.2 million and \$1,127.5 million, respectively. The amount of each guaranty will decrease upon the substantial completion of the construction of the facilities. See "- E. Other Matters - Generation Transition," below for more information.

We provide guarantees related to some of our rail and pipeline service agreements. If we do not meet our contractual obligations under the terms of these agreements we would be required to pay up to a maximum of \$52.0 million.

**C. Legal Proceedings.** From time to time, various legal and regulatory claims and proceedings are pending or threatened against the Company and its subsidiaries. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company establishes reserves whenever it believes it to be appropriate for pending litigation matters. However, the actual results of resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more 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. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our results of operations, financial position or liquidity.

**Other Claims and Proceedings.** 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, and based upon an investigation of these matters and discussion with legal counsel, we believe the ultimate outcome of such other legal proceedings to be individually, or in aggregate, not material at this time.

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

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects the majority of environmental assessment and remediation costs and asset retirement costs, further described below, to be recoverable through rates. See Note 11, "Asset Retirement Obligations" and Note 12, "Regulatory Matters," for additional detail.

As of December 31, 2025 and 2024, we had recorded a liability of \$82.6 million and \$91.8 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities and deferred credits" in the Consolidated Balance Sheets. 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.

**CERCLA.** Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA 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. At this time, we cannot estimate the full cost of remediating properties that have not yet been investigated, but it is possible that the future costs could be material to the Consolidated Financial Statements.

**MGP.** We maintain a program to identify and investigate former MGP sites where gas distribution subsidiaries or predecessors may have liability. The program has identified 41 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.

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**Notes to Consolidated Financial Statements**

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 identified during the update completed as of June 30, 2025. Our total estimated liability related to the facilities subject to remediation was \$75.5 million and \$86.4 million at December 31, 2025 and 2024, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. Our model indicates that it is reasonably possible that remediation costs could vary by as much as \$16.5 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.** NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The CCR rule requirements currently in effect required 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.

On May 8, 2024, the EPA finalized changes to the current CCR regulations ("Legacy CCR Rule") which address inactive surface impoundments at inactive facilities, referred to as legacy impoundments, and CCR management units ("CCRMUs") at inactive and active facilities. The rule largely requires these newly regulated units to conform to existing requirements, such as groundwater monitoring, closure requirements, and post-closure care. During 2025, we accrued an additional \$48.9 million to cover probable and estimable compliance activities associated with the Legacy CCR Rule. NIPSCO continues to assess whether existing legal obligations associated with the retirement of certain facilities must be revised and to estimate probable additional required asset retirement costs. NIPSCO expects to receive recovery of any such costs through existing and future depreciation rates.

**E. Other Matters**

**Generation Transition.** In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton PPA to a BTA and in February 2025 filed a CPCN with the IURC seeking approval of the full ownership BTA structure. In September 2025, the IURC granted NIPSCO a CPCN to acquire Templeton through the full ownership BTA structure. NIPSCO's purchase obligation under Templeton is dependent on timely completion of construction. Certain agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones.

In January 2025, the Fairbanks project achieved mechanical completion, resulting in NIPSCO making a \$336.6 million payment to the developer. In May 2025, the Fairbanks project achieved substantial completion, resulting in NIPSCO making a \$141.4 million payment to the developer in June 2025. In December 2025, the Fairbanks project achieved final completion, resulting in NIPSCO making a \$3.6 million payment to the developer.

In January 2025, the Dunns Bridge II project achieved substantial completion, resulting in NIPSCO making a \$217.6 million payment to the developer in February 2025. In October 2025, the Dunns Bridge II project achieved final completion resulting in a NIPSCO making a \$4.2 million payment to the developer.

In June 2025, the Gibson project achieved mechanical completion, resulting in NIPSCO making a \$262.4 million payment to the developer. In August 2025, the Gibson project achieved substantial completion, resulting in NIPSCO making a \$133.7 million payment to the developer in September 2025.

**NIPSCO Minority Interest Transaction.** In December 2023, pursuant to the terms of the BIP Purchase Agreement and simultaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II and NiSource entered into an Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II. In January 2024, BIP transferred a 4.5% portion of its equity interest to one of its affiliates and the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II. In October 2025, the members of NIPSCO Holdings II entered into a Third Amended and Restated LLC Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"), which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by the members affiliated with Blackstone by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to

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**Notes to Consolidated Financial Statements**

data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries. The members of NIPSCO Holdings II that are affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transition.

**GenCo Minority Interest Transaction.** In October 2025, NiSource issued a 19.9% indirect equity interest in NiSource's wholly-owned subsidiary GenCo to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million in cash contributions to Generation Holdings II through the Generation Holdings II LLC Agreement. We analyzed the Generation Holdings II LLC Agreement and determined that we maintain the decision-making activities over Generation Holdings II and its wholly owned subsidiary GenCo, making Generation Holdings II a consolidated VIE. Generation Holding II is considered a VIE as it passes the variability of its operating results through to its shareholders (Generation Holdings I and Blackstone Investor) and has insufficient equity to finance its activities without additional subordinated financial support.

Refer to Note 4, "Noncontrolling Interest," for detailed discussion of accounting for the GenCo Minority Interest Transaction.

The foregoing descriptions of the Generation Holdings II LLC Agreement and the Amended LLC Agreement do not purport to be complete and are qualified in their entirety by reference to the terms and conditions of the Generation Holdings II LLC Agreement and Amended LLC Agreement, which are filed as Exhibits 10.17 and 10.16, respectively, and are incorporated by reference herein.

**EPC Agreements.** GenCo has entered into certain EPC contracts to construct generation capacity assets to support the ADS Contract, requiring payments at specified periods. The assets contemplated by these contracts are subject to IURC approval. We may terminate for convenience the EPC Contracts and pay certain incurred project costs and termination fees if the ADS Contract is terminated or IURC approval of the underlying assets is not obtained. Amounts that will be owed in the event of termination are included in the table above.

**20. Accumulated Other Comprehensive Loss**

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

| <i>(in millions)</i>                                           | <b>Gains and<br/>Losses on<br/>Securities<sup>(1)</sup></b> | <b>Gains and Losses<br/>on Cash Flow<br/>Hedges<sup>(1)</sup></b> | <b>Pension and<br/>OPEB Items<sup>(1)</sup></b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss<sup>(1)</sup></b> |
|----------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------|
| <b>Balance as of December 31, 2022</b>                         | <b>\$ (11.2)</b>                                            | <b>\$ (12.6)</b>                                                  | <b>\$ (13.3)</b>                                | <b>\$ (37.1)</b>                                                      |
| Other comprehensive (loss) income before reclassifications     | 3.1                                                         | (0.5)                                                             | (1.4)                                           | 1.2                                                                   |
| Amounts reclassified from accumulated other comprehensive loss | 0.8                                                         | 0.3                                                               | 1.2                                             | 2.3                                                                   |
| Net current-period other comprehensive (loss) income           | 3.9                                                         | (0.2)                                                             | (0.2)                                           | 3.5                                                                   |
| <b>Balance as of December 31, 2023</b>                         | <b>\$ (7.3)</b>                                             | <b>\$ (12.8)</b>                                                  | <b>\$ (13.5)</b>                                | <b>\$ (33.6)</b>                                                      |
| Other comprehensive (loss) income before reclassifications     | 1.5                                                         | —                                                                 | (1.2)                                           | 0.3                                                                   |
| Amounts reclassified from accumulated other comprehensive loss | 1.8                                                         | (0.4)                                                             | 1.5                                             | 2.9                                                                   |
| Net current-period other comprehensive (loss) income           | 3.3                                                         | (0.4)                                                             | 0.3                                             | 3.2                                                                   |
| <b>Balance as of December 31, 2024</b>                         | <b>\$ (4.0)</b>                                             | <b>\$ (13.2)</b>                                                  | <b>\$ (13.2)</b>                                | <b>\$ (30.4)</b>                                                      |
| Other comprehensive income before reclassifications            | 5.0                                                         | —                                                                 | 19.5                                            | 24.5                                                                  |
| Amounts reclassified from accumulated other comprehensive loss | (0.9)                                                       | (0.4)                                                             | 1.0                                             | (0.3)                                                                 |
| Net current-period other comprehensive income (loss)           | 4.1                                                         | (0.4)                                                             | 20.5                                            | 24.2                                                                  |
| <b>Balance as of December 31, 2025</b>                         | <b>\$ 0.1</b>                                               | <b>\$ (13.6)</b>                                                  | <b>\$ 7.3</b>                                   | <b>\$ (6.2)</b>                                                       |

<sup>(1)</sup>All amounts are net of tax. Amounts in parentheses indicate debits.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**21. Business Segment Information**

Our reportable segments reflect the manner in which our business is managed and our resources are allocated. Following the consummation of the NIPSCO Minority Interest Transaction, we revised how we evaluate results and allocate resources across our business with an increased focus on operating performance at the state level. Refer to Note 4, "Noncontrolling Interests," for additional information on the NIPSCO Minority Interest Transaction. At December 31, 2025, our operations are divided into two primary reportable segments, the Columbia Operations and the NIPSCO Operations segments. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana. Our historical segment disclosures have been recast to be consistent with the current presentation.

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" in the subsequent reconciliation table and primarily are comprised of interest expense on holding company debt and unallocated corporate costs and activities, as well as new business development costs associated with GenCo. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues. The following table provides information about our reportable segments. We use operating income as our primary measurement for each of the reported segments and make decisions on financing, dividends and taxes at the corporate level on a consolidated basis. We provide this measure to our Chief Operating Decision Maker, the CEO, who utilizes this measure to make operating segment level strategy decisions based on budget-to-actual variances and against prior periods to allocate resources accordingly. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, 2025 (in millions)

|                                           | <b>Columbia<br/>Operations</b> | <b>NIPSCO<br/>Operations</b> | <b>Total of<br/>Reportable<br/>Segments</b> |
|-------------------------------------------|--------------------------------|------------------------------|---------------------------------------------|
| <b>Operating Revenues</b>                 |                                |                              |                                             |
| External revenue                          | \$ 3,330.0                     | \$ 3,307.4                   | \$ 6,637.4                                  |
| Intersegment revenue                      | 13.3                           | 1.1                          | 14.4                                        |
| <b>Total Operating Revenue</b>            | <b>\$ 3,343.3</b>              | <b>\$ 3,308.5</b>            | <b>\$ 6,651.8</b>                           |
| Cost of energy                            | 819.8                          | 764.7                        | 1,584.5                                     |
| O&M                                       | 923.7                          | 848.9                        | 1,772.6                                     |
| Depreciation                              | 451.2                          | 680.6                        | 1,131.8                                     |
| Total other taxes                         | 253.2                          | 75.5                         | 328.7                                       |
| Other segment items <sup>(1)</sup>        | 0.3                            | 0.7                          | 1.0                                         |
| <b>Operating Income</b>                   | <b>\$ 895.1</b>                | <b>\$ 938.1</b>              | <b>\$ 1,833.2</b>                           |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,213.0</b>              | <b>\$ 2,508.9</b>            | <b>\$ 3,721.9</b>                           |
| <b>Assets</b>                             | <b>\$ 15,903.7</b>             | <b>\$ 18,126.7</b>           | <b>\$ 34,030.4</b>                          |

<sup>(1)</sup>Other segment items consists of Loss (gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.



NiSOURCE INC.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Notes to Consolidated Financial Statements

Year Ended December 31, 2024 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External revenue                          | \$ 2,703.2             | \$ 2,751.0           | \$ 5,454.2                         |
| Intersegment revenue                      | 12.8                   | 1.0                  | 13.8                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,716.0</b>      | <b>\$ 2,752.0</b>    | <b>\$ 5,468.0</b>                  |
| Cost of energy                            | 514.7                  | 617.5                | 1,132.2                            |
| O&M                                       | 837.5                  | 761.4                | 1,598.9                            |
| Depreciation                              | 409.1                  | 590.3                | 999.4                              |
| Total other taxes                         | 218.6                  | 64.3                 | 282.9                              |
| Other segment items <sup>(1)</sup>        | 7.4                    | (1.3)                | 6.1                                |
| <b>Operating Income</b>                   | <b>\$ 728.7</b>        | <b>\$ 719.8</b>      | <b>\$ 1,448.5</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,209.0</b>      | <b>\$ 2,252.4</b>    | <b>\$ 3,461.4</b>                  |
| <b>Assets</b>                             | <b>\$ 14,769.5</b>     | <b>\$ 15,823.5</b>   | <b>\$ 30,593.0</b>                 |

<sup>(1)</sup>Other segment items consists of Loss(gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

Year Ended December 31, 2023 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External revenue                          | \$ 2,733.9             | \$ 2,770.7           | \$ 5,504.6                         |
| Intersegment revenue                      | 12.2                   | 0.9                  | 13.1                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,746.1</b>      | <b>\$ 2,771.6</b>    | <b>\$ 5,517.7</b>                  |
| Cost of energy                            | 645.0                  | 888.3                | 1,533.3                            |
| O&M                                       | 792.3                  | 787.7                | 1,580.0                            |
| Depreciation                              | 371.7                  | 493.8                | 865.5                              |
| Total other taxes                         | 198.8                  | 57.9                 | 256.7                              |
| Other segment items <sup>(1)</sup>        | —                      | 2.2                  | 2.2                                |
| <b>Operating Income</b>                   | <b>\$ 738.3</b>        | <b>\$ 541.7</b>      | <b>\$ 1,280.0</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,159.6</b>      | <b>\$ 1,294.8</b>    | <b>\$ 2,454.4</b>                  |
| <b>Assets</b>                             | <b>\$ 13,664.5</b>     | <b>\$ 13,962.6</b>   | <b>\$ 27,627.1</b>                 |

<sup>(1)</sup>Other segment items consists of proceeds from a property insurance settlement related to the Greater Lawrence Incident and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

To reconcile the segment tables above to consolidated NiSource:

NiSource Inc.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Notes to Consolidated Financial Statements

Year Ended December 31, 2025 (in millions)

|                                | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|--------------------------------|---------------------------------|------------------------|--------------|--------------------------|
| <b>Total Operating Revenue</b> | \$ 6,651.8                      | \$ 600.1               | \$ (609.7)   | \$ 6,642.2               |
| <b>Operating Income</b>        | 1,833.2                         | 2.1                    | —            | 1,835.3                  |
| <b>Capital Expenditures</b>    | 3,721.9                         | 329.7                  | —            | 4,051.6                  |
| <b>Assets</b>                  | 34,030.4                        | 1,828.3                | —            | 35,858.7                 |

Year Ended December 31, 2024 (in millions)

|                                | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|--------------------------------|---------------------------------|------------------------|--------------|--------------------------|
| <b>Total Operating Revenue</b> | \$ 5,468.0                      | \$ 581.9               | \$ (594.8)   | \$ 5,455.1               |
| <b>Operating Income</b>        | 1,448.5                         | 7.0                    | —            | 1,455.5                  |
| <b>Capital Expenditures</b>    | 3,461.4                         | 231.1                  | —            | 3,692.5                  |
| <b>Assets</b>                  | 30,593.0                        | 1,195.1                | —            | 31,788.1                 |

Year Ended December 31, 2023 (in millions)

|                                | Total<br>Reportable<br>Segments | Corporate<br>and Other | Eliminations | Consolidated<br>NiSource |
|--------------------------------|---------------------------------|------------------------|--------------|--------------------------|
| <b>Total Operating Revenue</b> | \$ 5,517.7                      | \$ 504.6               | \$ (516.9)   | \$ 5,505.4               |
| <b>Operating Income</b>        | 1,280.0                         | 15.5                   | —            | 1,295.5                  |
| <b>Capital Expenditures</b>    | 2,454.4                         | 236.3                  | —            | 2,690.7                  |
| <b>Assets</b>                  | 27,627.1                        | 3,450.1                | —            | 31,077.2                 |

22. Other, Net

The following table displays the components of Other, Net included on the Statements of Consolidated Income:

| Year Ended December 31, (in millions)                            | 2025           | 2024           | 2023          |
|------------------------------------------------------------------|----------------|----------------|---------------|
| Interest income                                                  | \$ 10.2        | \$ 10.4        | \$ 9.0        |
| AFUDC equity                                                     | 32.7           | 75.1           | 25.2          |
| Charitable contributions                                         | (4.8)          | (5.4)          | (1.8)         |
| Pension and other postretirement non-service cost <sup>(1)</sup> | (13.0)         | (13.5)         | (24.0)        |
| Tax penalty                                                      | (4.0)          | (0.7)          | —             |
| Heating assistance                                               | (2.1)          | (0.5)          | (0.8)         |
| Miscellaneous                                                    | 1.1            | (0.9)          | 0.4           |
| <b>Total Other, net</b>                                          | <b>\$ 20.1</b> | <b>\$ 64.5</b> | <b>\$ 8.0</b> |

<sup>(1)</sup> See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**23. Interest Expense, Net**

The following table displays the components of Interest Expense, Net included on the Statements of Consolidated Income:

| Year Ended December 31, <i>(in millions)</i>                                   | 2025            | 2024            | 2023            |
|--------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Interest on long-term debt                                                     | \$ 647.8        | \$ 506.2        | \$ 404.1        |
| Interest on short-term borrowings                                              | 36.7            | 43.2            | 108.9           |
| Debt discount/cost amortization                                                | 15.2            | 13.8            | 13.5            |
| Accounts receivable securitization fees                                        | 1.4             | 1.5             | 2.7             |
| Allowance for borrowed funds used and interest capitalized during construction | (37.8)          | (40.1)          | (25.3)          |
| Debt-based post-in-service carrying charges                                    | (47.4)          | (26.4)          | (30.7)          |
| Other                                                                          | 23.1            | 19.0            | 16.4            |
| <b>Total Interest Expense, net</b>                                             | <b>\$ 639.0</b> | <b>\$ 517.2</b> | <b>\$ 489.6</b> |

**24. Supplemental Cash Flow Information**

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023:

| Year Ended December 31, <i>(in millions)</i>                        | 2025     | 2024     | 2023     |
|---------------------------------------------------------------------|----------|----------|----------|
| <b>Supplemental Disclosures of Cash Flow Information</b>            |          |          |          |
| Non-cash transactions:                                              |          |          |          |
| Capital expenditures included in current liabilities                | \$ 479.9 | \$ 367.0 | \$ 315.0 |
| Assets acquired under a finance lease                               | 50.2     | 65.9     | 64.5     |
| Assets acquired under an operating lease                            | 13.9     | 12.2     | 5.6      |
| Assets recorded for asset retirement obligations <sup>(1)</sup>     | 88.7     | 277.4    | 61.1     |
| Schedule of interest and income taxes paid:                         |          |          |          |
| Cash paid for interest on debt, net of interest capitalized amounts | \$ 557.1 | \$ 468.2 | \$ 433.9 |
| Cash paid for interest on finance leases                            | 14.5     | 11.2     | 8.6      |
| Cash paid for income taxes, net of refunds                          | 3.3      | 4.3      | 9.4      |

<sup>(1)</sup>See Note 11, "Asset Retirement Obligations," for additional information.

**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NISOURCE INC.**  
**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**

**Twelve months ended December 31, 2025**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2025 | Additions                           |                                               | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2025 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.7                 | \$ 40.8                             | \$ 40.9                                       | \$ 64.8                                                          | \$ 40.6                  |
| Reserve for deferred charges and other                                           | 1.1                     | —                                   | 0.2                                           | —                                                                | 1.3                      |

**Twelve months ended December 31, 2024**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2024 | Additions                           |                                               | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2024 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 22.9                 | \$ 23.2                             | \$ 32.3                                       | \$ 54.7                                                          | \$ 23.7                  |
| Reserve for deferred charges and other                                           | 1.3                     | —                                   | (0.2)                                         | —                                                                | 1.1                      |

**Twelve months ended December 31, 2023**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2023 | Additions                           |                                               | Deductions for<br>Purposes for<br>which Reserves<br>were Created | Balance<br>Dec. 31, 2023 |
|----------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to<br>Costs and<br>Expenses | Charged to<br>Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                     |                                               |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.9                 | \$ 23.4                             | \$ 36.6                                       | \$ 61.0                                                          | \$ 22.9                  |
| Reserve for deferred charges and other                                           | 1.0                     | —                                   | 0.3                                           | —                                                                | 1.3                      |

<sup>(1)</sup> Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset or the movement of the reserve between short term and long term.

**NiSOURCE INC.**

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our CEO and CFO are responsible for evaluating the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, 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 CEO and CFO concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management, including our CEO and CFO, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. We conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

Changes in Internal Controls

There have been no changes during the last fiscal quarter in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

NiSOURCE INC.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of NiSource Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the “Company”) as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 11, 2026, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 11, 2026

NiSource Inc.

**ITEM 9B. OTHER INFORMATION**

**Director and Officer Trading Arrangements**

The following table describes any contracts, instructions or written plans for the sale or purchase of NiSource securities and intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act that were adopted by our directors and executive officers during the quarter ended December 31, 2025:

| <b>Name and Title</b>                                                  | <b>Date of Adoption of Rule 10b5-1 Trading Plan</b> | <b>Scheduled Expiration Date of Rule 10b5-1 Trading Plan<sup>(1)</sup></b> | <b>Aggregate Number of Securities to Be Purchased or Sold</b> |
|------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------|
| Shawn Anderson<br>Executive Vice President,<br>Chief Financial Officer | 11/10/2025                                          | 5/29/2026                                                                  | Sale of up to 12,500 shares of common stock                   |

<sup>(1)</sup>A trading plan may also expire on such earlier date that all transactions under the trading plan are completed.

During the quarter ended December 31, 2025, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

NiSOURCE INC.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K and the information with respect to our insider trading policy set forth below, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance - Board Committee Composition," "Corporate Governance - Code of Business Conduct," and "Delinquent Section 16(a) Reports" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **Insider Trading Policy**

The Company has adopted an Insider Trading Policy, our "Securities Transaction Compliance Policy", governing the purchase, sale, and/or other dispositions of the Company's securities by our directors and all employees, including officers as defined under Rule 16a-1(f) of the Securities Exchange Act of 1934 and certain designated employees as well as their immediate family and members of their households, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations and the exchange listing standards applicable to us. A copy of our policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference to the discussion in "Compensation and Human Capital Committee Interlocks and Insider Participation," "2025 Director Compensation," "2025 Executive Compensation," "Compensation Discussion and Analysis (CD&A)," "Assessment of Risk," "2025 Pay Versus Performance," and "Compensation and Human Capital Committee Report" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management," and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Registered Public Accounting Firm Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.



NiSource Inc.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

#### Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

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#### Exhibits

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

| EXHIBIT<br>NUMBER | DESCRIPTION OF ITEM                                                                                                                                                                                                                                                                                     |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1.1)             | Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 of the NiSource Inc. Form 8-K filed on October 31, 2025).                                                                                                                                                               |
| (1.2)             | Form of Master Forward Sale Confirmation (incorporated by reference to Exhibit 1.2 of the NiSource Inc. Form 8-K filed on October 31, 2025).                                                                                                                                                            |
| (2.1)             | Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).                                                                        |
| (3.1)             | Articles of Incorporation of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to Exhibit 3.3 to the NiSource Inc. Form 8-K filed on October 22, 2024).                                                                                                        |
| (3.2)             | Bylaws of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to Exhibit 3.4 to the NiSource Inc. Form 8-K filed on October 22, 2024).                                                                                                                           |
| (4.1)             | Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).                                  |
| (4.2)             | First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).                     |
| (4.3)             | Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).             |
| (4.4)             | Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000). |
| (4.5)             | Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).                                 |
| (4.6)             | Form of 3.490% Notes due 2027 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 17, 2017).                                                                                                                                                                           |

NiSOURCE INC.

- (4.7) Form of 4.375% Notes due 2047 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 17, 2017).
- (4.8) Form of 3.950% Notes due 2048 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 8, 2017).
- (4.9) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3 filed November 30, 2017 (Registration No. 333-214360)).
- (4.10) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on December 1, 2017).
- (4.11) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 10-Q filed on May 2, 2018).
- (4.12) Fourth Supplemental Indenture, dated as of December 18, 2023, between NiSource, Inc. and The Bank of New York Mellon, as trustee, relating to the 7.99% Medium-Term Notes due 2027 and the 6.78% Senior Notes due 2027 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on December 18, 2023).
- (4.13) Subordinated Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Form 8-K filed on May 16, 2024).
- (4.14) First Supplemental Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.3 to the NiSource Form 8-K filed on May 16, 2024).
- (4.15) Second Supplemental Indenture, dated as of September 09, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the NiSource Form 8-K filed on September 09, 2024).
- (4.16) Form of 2.950% Notes due 2029 (incorporated by reference to Exhibit 4.1 to NiSource Inc. Form 8-K filed on August 12, 2019).
- (4.17) Form of 3.600% Notes due 2030 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on April 8, 2020).
- (4.18) Form of 0.950% Notes due 2025 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on August 18, 2020).
- (4.19) Form of 1.700% Notes due 2031 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on August 18, 2020).
- (4.20) Form of 5.000% Notes due 2052 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on June 10, 2022).
- (4.21) Form of 5.250% Notes due 2028 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on March 24, 2023).
- (4.22) Form of 5.400% Notes due 2033 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on June 9, 2023).
- (4.23) Form of 5.350% Notes due 2034 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on March 14, 2024).
- (4.24) Form of 6.950% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2054 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 16, 2024).
- (4.25) Form of 5.200% Notes due 2029 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on June 24, 2024).
- (4.26) Form of 6.375% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2055 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on September 09, 2024).
- (4.27) Form of 6.25% Notes due 2040 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on December 6, 2010).

**NiSource Inc.**

- (4.28) Form of 5.95% Notes due 2041 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on June 10, 2011).
- (4.29) Form of 5.80% Notes due 2042 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on November 17, 2011).
- (4.30) Form of 5.25% Notes due 2043 (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on June 14, 2012).
- (4.31) Form of 4.80% Notes due 2044 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on April 12, 2013).
- (4.32) Form of 5.65% Notes due 2045 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on October 7, 2013).
- (4.33) Form of 5.850% Notes due 2055 (incorporated by reference to Exhibit 4.1 to the NiSource. Form 8-K filed on March 27, 2025).
- (4.34) Form 5.350% Notes due 2035 (incorporated by reference to Exhibit 4.1 to the NiSource. Form 8-K filed on June 27, 2025).
- (4.35) Third Supplemental Indenture, dated as of November 7, 2025 between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc, Form 8-K filed on November 7, 2025
- (4.36) Form of 5.750% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2056 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on November 7, 2025).
- (4.37) Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.32 to the NiSource Inc. Form 10-K filed on February 12, 2025
- (10.1) Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).\*
- (10.2) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to Exhibit 10.21 to the NiSource Inc. Form 10-K filed on February 19, 2013).\*
- (10.3) Amended and Restated Executive Deferred Compensation Plan, dated August 12, 2024 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on October 30, 2024).\*
- (10.4) Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).
- (10.5) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).
- (10.6) Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q filed on August 2, 2017).\*
- (10.7) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
- (10.8) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of January 25, 2024 (incorporated by reference to Appendix B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting to be held on May 13, 2024, filed on April 1, 2024).
- (10.9) NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*
- (10.10) Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.5 to the NiSource Inc. Form 10-Q filed on November 2, 2020).
- (10.11) Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to Exhibit 10.6 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*

**NiSource Inc.**

- (10.12) First Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates dated October 12, 2023 and effective November 1, 2020 (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 21, 2024).\*
- (10.13) NiSource Inc. Executive Severance Policy, as amended and restated effective January 1, 2026.\* \*\*
- (10.14) NiSource Next Voluntary Separation Program, effective as of August 5, 2020 (incorporated by reference to Exhibit 10.8 to the NiSource Inc. Form 10-Q filed on November 2, 2020).\*
- (10.15) Seventh Amended and Restated Revolving Credit Agreement, dated as of December 11, 2025, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, JPMorgan Chase Bank, N.A., MUFG Bank, Ltd., and Wells Fargo Bank, National Association, as Co-Syndication Agents, Credit Suisse AG, New York Branch, Wells Fargo Bank, National Association, and Bank of America, National Association, as Co-Documentation Agents, Barclays Bank PLC and MUFG Bank, Ltd., as Co-Sustainability Structuring Agents, and Barclays Bank PLC, JPMorgan Chase Bank, N.A. MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, Wells Fargo Securities, LLC, BofA Securities, Inc., BMO Capital Markets Corp. and Mizuho Bank Ltd., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on December 11, 2025).
- (10.16) Third Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated October 28, 2025 (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-Q filed on October 29, 2025).\*\*\*
- (10.17) Amended and Restated Limited Liability Company Agreement of Generation Holdings II LLC, dated October 28, 2025.\*\* \*\*\*
- (10.18) 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).\*
- (10.19) First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014).\*
- (10.20) 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).\*
- (10.21) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed October 23, 2015).\*
- (10.22) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).\*
- (10.23) Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to Exhibit 10.3 to the NiSource Inc. Form 10-Q filed on November 3, 2015).\*
- (10.24) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K filed on February 22, 2017). \*
- (10.25) Form of Cash-Based Award Agreement (incorporated by reference to Exhibit 10.41 of the NiSource Form 10-K filed on February 28, 2020). \*
- (10.26) 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit A to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 19, 2020, filed on April 13, 2020).\*
- (10.27) First Amendment to the NiSource Inc. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 10-Q filed on May 4, 2022).\*
- (10.28) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 10-Q filed on August 5, 2020).\*
- (10.29) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to Exhibit 10.53 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*
- (10.30) Form of Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.54 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*
- (10.31) Form of Special Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.55 to the NiSource Inc. Form 10-K filed on February 17, 2021).\*

**NiSource Inc.**

- (10.32) Form of Restricted Stock Unit Award Agreement.(incorporated by reference to Exhibit 10.57 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.33) Form of Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.58 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.34) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to Exhibit 10.59 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.35) Form of Performance Share Unit Award Agreement. (incorporated by reference to Exhibit 10.60 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.36) Form of 2024 CEO RSU Award Agreement (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.37) Form of 2024 CEO PSU Award Agreement (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.38) Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to Exhibit 10.3 of the NiSource Inc. Form 8-K filed on January 26, 2024).\*
- (10.39) Form of PSU Award Agreement (for awards on or after 2024) (incorporated by reference to Exhibit 10.48 to the NiSource Inc. Form 10-K filed on February 22, 2023).\*
- (10.40) Form of 2025 CEO RSU Award Agreement. \* \*\*
- (10.41) Form 2025 CEO PSU Award Agreement. \* \*\*
- (10.42) Form of CEO RSU Award Agreement (for awards on or after 2026). \* \*\*
- (10.43) Form of CEO PSU Award Agreement (for awards on or after 2026). \* \*\*
- (19.1) Securities Transaction Compliance Policy (incorporated by reference to Exhibit 19.1 to the NiSource Inc. Form 10-K filed on February 12, 2025) \*
- (21) List of Subsidiaries.\*\*
- (23) Consent of Deloitte & Touche LLP.\*\*
- (31.1) Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- (31.2) Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- (32.1) Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).\*\*
- (32.2) Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).\*\*
- (97.1) NiSource Inc. Compensation Recoupment Policy (incorporated by reference to Exhibit 97.1 to the NiSource Inc. Form 10-K filed on February 12, 2025).\*
- (101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. \*\*
- (101.SCH) Inline XBRL Schema Document.\*\*
- (101.CAL) Inline XBRL Calculation Linkbase Document.\*\*
- (101.LAB) Inline XBRL Labels Linkbase Document.\*\*
- (101.PRE) Inline XBRL Presentation Linkbase Document.\*\*
- (101.DEF) Inline XBRL Definition Linkbase Document.\*\*
- (104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

\* Management contract or compensatory plan or arrangement of NiSource Inc.

\*\* Exhibit filed herewith.

**NiSOURCE INC.**

\*\*\* Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission (the “SEC”) upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

**ITEM 16. FORM 10-K SUMMARY**

None.

NiSOURCE INC.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

|                                |                                                                                                                                     |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                                | <u>NiSource Inc.</u><br>(Registrant)                                                                                                |
| Date: <u>February 11, 2026</u> | By: <u>/s/ LLOYD M. YATES</u><br>Lloyd M. Yates<br>President, Chief Executive Officer and Director<br>(Principal Executive Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|                                                                 |                                                                                            |                                |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------|
| <u>/s/ LLOYD M. YATES</u><br>Lloyd M. Yates                     | President, Chief Executive Officer,<br>and Director<br>(Principal Executive Officer)       | Date: <u>February 11, 2026</u> |
| <u>/s/ SHAWN ANDERSON</u><br>Shawn Anderson                     | Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer)   | Date: <u>February 11, 2026</u> |
| <u>/s/ GUNNAR J. GODE</u><br>Gunnar J. Gode                     | Senior Vice President,<br>Chief Accounting & Tax Officer<br>(Principal Accounting Officer) | Date: <u>February 11, 2026</u> |
| <u>/s/ KEVIN T. KABAT</u><br>Kevin T. Kabat                     | Chairman of the Board                                                                      | Date: <u>February 11, 2026</u> |
| <u>/s/ PETER A. ALTABEF</u><br>Peter A. Altabef                 | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ SONDRA L. BARBOUR</u><br>Sondra L. Barbour               | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ THEODORE H. BUNTING, JR.</u><br>Theodore H. Bunting, Jr. | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ ERIC L. BUTLER</u><br>Eric L. Butler                     | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ DEBORAH A. HENRETTA</u><br>Deborah A. Henretta           | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ DEBORAH A.P. HERSMAN</u><br>Deborah A. P. Hersman        | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ WILLIAM D. JOHNSON</u><br>William D. Johnson             | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ MICHAEL E. JESANIS</u><br>Michael E. Jesanis             | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ CASSANDRA S. LEE</u><br>Cassandra S. Lee                 | Director                                                                                   | Date: <u>February 11, 2026</u> |
| <u>/s/ JOHN MCAVOY</u><br>John McAvoy                           | Director                                                                                   | Date: <u>February 11, 2026</u> |

## STOCKHOLDER INFORMATION

### FORWARD-LOOKING STATEMENTS

This report 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"). These forward-looking statements include, but are not limited to, statements concerning our financial guidance, plans, strategies, objectives, expected performance, planned 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 not statements of historical fact. Expressions of future goals and expectations and similar expressions reflecting something other than historical fact, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," 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. Investors and prospective investors should understand that many factors impact whether any forward-looking statement contained herein will or can be realized. Any one of those factors could cause actual results to differ materially from those projected.

Factors that could cause actual results to differ materially from those projected in any forward-looking statement discussed in this report include, among other things: our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities; our ability to manage data center growth in our service territories; potential incidents and other operating risks associated with our business; our ability to work successfully with our JV partners; our ability to construct, develop and place into service the generation or transmission assets we develop to support the customer under the data center contract (the "Contract Assets") and any future data center contracts on time or at all consistent with initial cost estimates, as well as the performance of such assets once constructed and placed into service; our ability to obtain the significant additional financing required to construct the Contract Assets and any other generation or transmission assets we develop to support future data center contracts on favorable terms, if at all; our ability to recover our investments and realize our expected return under the data center contract and any future data center contracts that we enter into; our ability to maintain our investment grade credit ratings as we finance and pursue our data center strategy, including our performance under the data center contract and any future data center contracts that we enter into; our customers' performance under the data center contract and any future data center contracts; any decision by our customer or future customers to terminate the data center contract or future data center contracts or reduce the committed capacity thereunder; potential changes in the MISO accreditation treatment of capacity resources; our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in related laws and regulations; our increased dependency on 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 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 demand; our ability to attract, retain or re-skill a qualified workforce and maintain good labor relations; our ability to manage new initiatives and organizational changes; the performance and quality of third-party suppliers and service providers; our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal, including any future associated impact from business opportunities such as data center development as those opportunities evolve; potential cybersecurity attacks or security breaches; increased requirements and costs related to cybersecurity; the actions of activist stockholders; any damage to our reputation; the impacts of natural disasters, potential terrorist attacks or other catastrophic events; the physical impacts of climate change and the transition to a lower carbon future; our debt obligations; any changes to our credit ratings or the credit ratings of certain of our subsidiaries; adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment; economic regulation and the impact of regulatory rate reviews; our ability to

obtain expected financial or regulatory outcomes; economic conditions in certain industries; the ability 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; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; compliance with changes in, or new interpretations of applicable laws, regulations and tariffs; the cost of compliance with environmental laws and regulations and the costs of associated liabilities; changes in tax laws or the interpretation thereof; and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 and matters set forth in our subsequent Quarterly Reports on Form 10-Q, some 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 statement to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to expected results over time or otherwise, except as required by law.

### REGULATION G DISCLOSURE STATEMENT

Commencing in 2026, the company will begin to present base plan adjusted EPS, GenCo/data center adjusted EPS, and consolidated adjusted EPS. This report includes financial results and guidance for NiSource with respect to adjusted earnings per share (EPS), base plan adjusted EPS, consolidated adjusted EPS, funds from operations/debt, and adjusted earnings CAGR, which are non-GAAP financial measures as defined by the Securities and Exchange Commission. As presented herein, guidance with respect to base plan adjusted EPS, including annual base plan adjusted EPS growth, excludes, in addition to the items historically excluded from adjusted EPS, the impact of data center operations and development activities relating to the provision of electric service to current and future data center or other large load customers. Guidance with respect to GenCo/data center adjusted EPS (which may also be referred to as GenCo adjusted EPS) excludes, in addition to the items historically excluded from adjusted EPS, the impact of all of our operations other than data center operations and development activities relating to serving data center or other large load customers. For the avoidance of doubt, base plan adjusted EPS combined with data center adjusted EPS will equal NiSource's consolidated adjusted EPS. The company is providing guidance regarding base plan adjusted EPS because it expects that the earnings from its data center operations and development activities described above will experience a different growth profile compared to the base plan adjusted EPS growth. Providing guidance with respect to base plan adjusted EPS growth, GenCo/data center adjusted EPS growth and consolidated adjusted EPS growth will provide investors with the same information that management considers to evaluate the company's ongoing business performance and provide greater transparency into the performance of different aspects of our business that are impacted by distinct trends and factors. Reconciliations of historical non-GAAP financial measures to the most comparable GAAP financial measures can be found in our quarterly and yearly materials within the "Financial Filings and Reports" page of the Investor section of our website. With respect to guidance, NiSource reminds investors that it does not provide a GAAP equivalent of its guidance on base plan adjusted EPS, GenCo/data center adjusted EPS or consolidated adjusted EPS or its funds from operations/debt due to the impact of unpredictable factors such as fluctuations in weather, the impact of asset sales and impairments, and other unusual or infrequent items included in the comparable GAAP measures, which may be material. The company is not able to estimate the impact of such factors on GAAP measures and, as such, the company is not able to provide a reconciliation of its non-GAAP base plan adjusted EPS, GenCo/data center adjusted EPS or consolidated adjusted EPS or its funds from operations/debt guidance to the comparable GAAP equivalents without unreasonable efforts.

#### Investor Relations

investors@nsource.com

#### Media Relations

media@nsource.com

#### Anticipated Dividend Record and Payment Dates\* (NiSource Common Stock)

| Record Date | Payment Date |
|-------------|--------------|
| 02/03/26    | 02/20/26     |
| 04/30/26    | 05/20/26     |
| 07/31/26    | 08/20/26     |
| 10/30/26    | 11/20/26     |
| 02/02/27    | 02/19/27     |

#### Common Stock Dividend Declared\*

On February 20, 2026, the company paid a quarterly dividend of \$0.30 per share to stockholders of record as of the close of business on February 3, 2026, equivalent to \$1.20 per share on an annual basis.

#### Stockholder Services

Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following:

#### Computershare

c/o Shareholder Services  
P.O. Box 43006  
Providence, RI 02940-3006  
(888) 884-7790

- TDD for Hearing Impaired: (800) 231-5469
- Foreign Stockholders: (201) 680-6578
- TDD Foreign Stockholders: (201) 680-6610
- Computershare.com/investor

\*DIVIDENDS ARE SUBJECT TO BOARD APPROVAL.

#### Investor and Financial Information

Financial analysts and investment professionals should direct written and email inquiries to NiSource Investor Relations, 801 East 86th Avenue, Merrillville, Indiana 46410 or investors@nsource.com. Copies of NiSource's financial reports are available at NiSource.com.

#### Stock Listing

NiSource Inc. common stock is listed on the New York Stock Exchange under the ticker symbol "NI."

#### Independent Registered Public Accounting Firm

Deloitte & Touche LLP

#### Sustainability

Additional details on sustainability and environmental, social and governance (ESG) issues and related policies can be found under the Sustainability tab at NiSource.com.

#### Board of Directors

Communications with the Board of Directors may be made generally, to any director individually, to the non-management directors as a group or the lead director of the non-management group by writing to the following address:

#### NiSource Inc.

Attention: Board of Directors, Board Member,  
non-management directors or Chairman  
c/o Corporate Secretary  
801 East 86th Avenue  
Merrillville, Indiana 46410

#### Corporate Governance

At NiSource.com, shareholders can view the company's corporate governance guidelines, code of business conduct, political spending policy and charters of all board-level committees. Copies of these documents are available to shareholders without charge upon written request to Corporate Secretary at the above address.





#### **Corporate Headquarters**

NiSource Inc.  
801 E. 86th Avenue  
Merrillville, Indiana 46410  
(614) 460-6000  
NiSource.com

#### **NiSource Corporate Services Company**

801 E. 86th Avenue  
Merrillville, Indiana 46410  
(614) 460-6000

#### **Columbia Gas of Kentucky**

2001 Mercer Road  
Lexington, Kentucky 40511  
Emergency: (800) 432-9515  
Customer Care: (800) 432-9345  
ColumbiaGasKY.com

#### **Columbia Gas of Maryland**

121 Champion Way  
Canonsburg, Pennsylvania 15317  
Emergency: (888) 460-4332  
Customer Care: (888) 460-4332  
ColumbiaGasMD.com

#### **Columbia Gas of Ohio**

290 W. Nationwide Boulevard  
Columbus, Ohio 43215  
Emergency: (800) 344-4077  
Customer Care: (800) 344-4077  
ColumbiaGasOhio.com

#### **Columbia Gas of Pennsylvania**

121 Champion Way  
Canonsburg, Pennsylvania 15317  
Emergency: (888) 460-4332  
Customer Care: (888) 460-4332  
ColumbiaGasPA.com

#### **Columbia Gas of Virginia**

1809 Coyote Drive  
Chester, Virginia 23836  
Emergency: (800) 544-5606  
Customer Care: (800) 543-8911  
ColumbiaGasVA.com

#### **NIPSCO**

801 E. 86th Avenue  
Merrillville, Indiana 46410  
Customer Care: (800) 464-7726  
Gas Emergency: (800) 634-3524  
Electric Emergency: (800) 464-7726  
NIPSCO.com

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2024  
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-16189

**NiSource Inc.**

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of  
incorporation or organization)

801 East 86th Avenue  
Merrillville, IN

(Address of principal executive offices)

35-2108964

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

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

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

**Title of Each Class**

**Trading  
Symbol(s)**  
NI

**Name of Each Exchange on Which  
Registered**  
NYSE

Common Stock, par value \$0.01 per share

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  
Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated Filer ☐ Emerging Growth Company ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrants included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock, par value \$0.01 per share (the "Common Stock") held by non-affiliates was approximately \$13,022,151,904 based upon the June 30, 2024, closing price of \$28.81 on the New York Stock Exchange.

There were 469,939,639 shares of Common Stock outstanding as of February 5, 2025.

**Documents Incorporated by Reference**

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 12, 2025.

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**DEFINED TERMS**

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

**NiSource Subsidiaries and Affiliates (not exhaustive)**

|                                |                                                                                                          |
|--------------------------------|----------------------------------------------------------------------------------------------------------|
| Columbia of Kentucky           | Columbia Gas of Kentucky, Inc.                                                                           |
| Columbia of Maryland           | Columbia Gas of Maryland, Inc.                                                                           |
| 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                                                              |
| NIPSCO Holdings I              | NIPSCO Holdings I LLC                                                                                    |
| NIPSCO Holdings II             | NIPSCO Holdings II LLC                                                                                   |
| NIPSCO Generation              | NIPSCO Generation LLC                                                                                    |
| NiSource ("we," "us" or "our") | NiSource Inc.                                                                                            |
| Rosewater                      | Rosewater Wind Generation LLC and its wholly owned subsidiary, Rosewater Wind Farm LLC                   |
| Indiana Crossroads Solar       | Indiana Crossroads Solar Generation LLC and its wholly owned subsidiary, Meadow Lake Solar Park LLC      |
| Indiana Crossroads Wind        | Indiana Crossroads Wind Generation LLC and its wholly owned subsidiary, Indiana Crossroads Wind Farm LLC |
| Dunns Bridge I                 | Dunns Bridge I Solar Generation LLC and its wholly owned subsidiary, Dunns Bridge Solar Center LLC       |
| Dunns Bridge II                | Dunns Bridge II Solar Generation LLC                                                                     |
| Gibson                         | Gibson Solar Generation LLC                                                                              |
| Fairbanks                      | Fairbanks Solar Generation LLC                                                                           |
| Cavalry                        | Cavalry Solar Generation LLC                                                                             |

**Abbreviations and Other**

|                           |                                                                                                      |
|---------------------------|------------------------------------------------------------------------------------------------------|
| 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                                                                                        |
| BIP                       | BIP Blue Buyer L.L.C                                                                                 |
| BIP Blue Buyer VCOC L.L.C | BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone |
| Blackstone                | Blackstone Infrastructure Partners L.P.                                                              |
| BTM                       | Build-transfer agreement                                                                             |
| CCGT                      | Combined Cycle Gas Turbine                                                                           |
| CCRs                      | Coal Combustion Residuals                                                                            |
| CEO                       | Chief Executive Officer                                                                              |
| CEP                       | Capital Expenditure Program                                                                          |
| CERCLA                    | Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)        |
| CFO                       | Chief Financial Officer                                                                              |
| CISA                      | Certified Information Systems Auditor                                                                |
| CISO                      | Chief Information Security Officer                                                                   |
| CISSP                     | Certified Information Systems Security Professional                                                  |
| CODM                      | Chief Operating Decision Maker                                                                       |

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|                                      |                                                                                                                                                                                                                                                                                             |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Columbia Operations                  | Reportable segment comprised of the results of NiSource Gas Distribution company, including all of its Columbia Gas distribution companies and related subsidiaries                                                                                                                         |
| Corporate Units                      | Series A Corporate Units                                                                                                                                                                                                                                                                    |
| CPCN                                 | Certificate of Public Convenience and Necessity                                                                                                                                                                                                                                             |
| CRISC                                | Certified in Risk and Information Systems Control                                                                                                                                                                                                                                           |
| DSIC                                 | Distribution System Improvement Charge                                                                                                                                                                                                                                                      |
| DSM                                  | Demand Side Management                                                                                                                                                                                                                                                                      |
| EPA                                  | United States Environmental Protection Agency                                                                                                                                                                                                                                               |
| EPS                                  | Earnings per share                                                                                                                                                                                                                                                                          |
| Equity Units                         | Series A Equity Units                                                                                                                                                                                                                                                                       |
| 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                                                                                                                                                                                                                                                                         |
| GCT                                  | Generation Cost Tracker                                                                                                                                                                                                                                                                     |
| GHG                                  | Greenhouse gases                                                                                                                                                                                                                                                                            |
| GWh                                  | Gigawatt hours                                                                                                                                                                                                                                                                              |
| HLBV                                 | Hypothetical Liquidation at Book Value                                                                                                                                                                                                                                                      |
| IJA                                  | Infrastructure Investment and Jobs Act                                                                                                                                                                                                                                                      |
| IRA                                  | Inflation Reduction Act                                                                                                                                                                                                                                                                     |
| IRP                                  | Infrastructure Replacement Program                                                                                                                                                                                                                                                          |
| IRS                                  | Internal Revenue Service                                                                                                                                                                                                                                                                    |
| IURC                                 | Indiana Utility Regulatory Commission                                                                                                                                                                                                                                                       |
| JV                                   | Joint Venture                                                                                                                                                                                                                                                                               |
| LDCs                                 | Local distribution companies                                                                                                                                                                                                                                                                |
| LIFO                                 | Last-in, first-out                                                                                                                                                                                                                                                                          |
| LIHEAP                               | Low Income Heating Energy Assistance Programs                                                                                                                                                                                                                                               |
| 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                                                                                                                                                                                                                                                                              |
| NERC CIP                             | North American Electric Reliability Corporation Critical Infrastructure Protection                                                                                                                                                                                                          |
| NIPSCO Electric                      | The electric generation and transmission activities of the NIPSCO Operations reportable segment                                                                                                                                                                                             |
| NIPSCO Gas                           | The gas distribution activities of the NIPSCO Operations reportable segment                                                                                                                                                                                                                 |
| NIPSCO Minority Interest Transaction | A transaction between NiSource, NIPSCO Holdings II (sole owner of NIPSCO) and an affiliate of Blackstone pursuant to a purchase and sale agreement entered into on June 17, 2023, that offered equity interests in NIPSCO Holdings II in exchange for capital contributions by the parties. |

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|                       | <u>DEFINED TERMS</u>                                                                                                                                                                   |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NIPSCO Operations     | Reportable segment comprised of the results of NIPSCO Holdings I, NIPSCO Holdings II, and NIPSCO and all related subsidiaries                                                          |
| NYMEX                 | The New York Mercantile Exchange                                                                                                                                                       |
| OPEB                  | Other Postretirement and Postemployment Benefits                                                                                                                                       |
| OT                    | Operational Technology                                                                                                                                                                 |
| PCB                   | Polychlorinated biphenyls                                                                                                                                                              |
| PHMSA                 | Pipeline and Hazardous Materials Safety Administration                                                                                                                                 |
| PPA                   | Power Purchase Agreement                                                                                                                                                               |
| PSC                   | Public Service Commission                                                                                                                                                              |
| PUCO                  | Public Utilities Commission of Ohio                                                                                                                                                    |
| ROE                   | Return on Equity                                                                                                                                                                       |
| RNG                   | Renewable Natural Gas                                                                                                                                                                  |
| ROU                   | Right of Use                                                                                                                                                                           |
| SAVE                  | Steps to Advance Virginia's Energy Plan                                                                                                                                                |
| Scope 1 GHG Emissions | Direct emissions from sources owned or controlled by us (e.g., emissions from our combustion of fuel, vehicles, and process emissions and fugitive emissions)                          |
| Scope 2 GHG Emissions | Indirect emissions from sources owned or controlled by us                                                                                                                              |
| SEC                   | Securities and Exchange Commission                                                                                                                                                     |
| SMRP                  | Safety Modification and Replacement Program                                                                                                                                            |
| SMS                   | Safety Management System                                                                                                                                                               |
| STRIDE                | Strategic Infrastructure Development and 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                                                                                                                       |
| TSA                   | Transportation Security Administration                                                                                                                                                 |
| VIE                   | Variable Interest Entity                                                                                                                                                               |
| WAM                   | Work and Asset Management enterprise resourcing system                                                                                                                                 |

***Note regarding forward-looking statements***

This Annual Report on Form 10-K contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. 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 Annual Report on Form 10-K include, among other things:

- our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities, such as data center development and related generation sources and transmission capabilities to meet potential load growth;
- our ability to manage data center growth in our service territories;

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- potential incidents and other operating risks associated with our business;
- our ability to work successfully with our third-party investors;
- our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in laws and regulations;
- our increased dependency on 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 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 demand;
- our ability to attract, retain or re-skill a qualified, diverse workforce and maintain good labor relations;
- our ability to manage new initiatives and organizational changes;
- the performance and quality of third-party suppliers and service providers;
- our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal (as defined below), including any future associated impact from business opportunities such as data center development as those opportunities evolve;
- potential cybersecurity attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- the actions of activist stockholders;
- any damage to our reputation;
- the impacts of natural disasters, potential terrorist attacks or other catastrophic events;
- the physical impacts of climate change and the transition to a lower carbon future;
- our debt obligations;
- any changes to our credit rating or the credit rating of certain of our subsidiaries;
- adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment;
- economic regulation and the impact of regulatory rate reviews;
- our ability to obtain expected financial or regulatory outcomes;
- 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;
- the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation;
- compliance with changes in, or new interpretations of applicable laws, regulations and tariffs;
- the cost of compliance with environmental laws and regulations and the costs of associated liabilities;
- changes in tax laws or the interpretation thereof;
- and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, some 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. BUSINESS**

**NISOURCE INC.**

**Business**

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose primary subsidiaries are fully regulated natural gas and electric utility companies, serving approximately 3.8 million customers in six states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999.

NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia), and NIPSCO Holdings I (a holding company that owns a controlling interest in NIPSCO, a gas and electric utility). NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

**Business Strategy**

Our business strategy focuses on providing safe and reliable service through our core, rate-regulated, asset-based utilities, with the goal of adding value to all of our stakeholders. Our utilities continue to advance our core safety, infrastructure and environmental investment programs, supported by complementary regulatory and customer initiatives across the six states in which we operate. Our goal is to develop strategies that (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns.

We remain committed to the advancement of our SMS for the safety of our customers, communities and employees. Our SMS is the established operating model within NiSource. NiSource continues to maintain its certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our SMS. In 2024, NiSource was recognized with the ISO 55001 certification from LRQA, one of the world's leading providers of professional engineering and technology services. Achieving this international certification for asset management systems recognizes NiSource's commitment to safety for our people, systems and customers. These certifications are important milestones for our SMS and NiSource's ongoing journey towards operational excellence.

NiSource has two reportable segments: Columbia Operations and NIPSCO Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, consist of our centralized corporate activities and are primarily comprised of interest expense on holding company debt and unallocated corporate costs and activities. The following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for additional information related to each segment.

**Columbia Operations**

Columbia Operations provides natural gas to approximately 2.4 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. We operate approximately 37,200 miles of distribution main pipeline plus the associated individual customer service lines and 330 miles of transmission main pipeline located in our service areas described above. Throughout our service areas we also have gate stations and other operations support facilities. See below for information on our owned operating facilities. There were no significant disruptions to our system or facilities during 2024.

| Facility Name                                | Location         | Type            | Storage Capacity (MCF) |
|----------------------------------------------|------------------|-----------------|------------------------|
| Blackhawk Underground Storage <sup>(1)</sup> | Beaver Falls, PA | Natural Gas     | 1,700,000              |
| Eagle Cove Propane                           | Petersburgh, VA  | Propane Gas     | 863                    |
| South Wales Propane                          | Jeffersonton, VA | Propane Gas     | 863                    |
| Portsmouth Propane-Air                       | Portsmouth, VA   | Propane-Air Gas | 17,300                 |
| Total Capacity                               |                  |                 | 1,719,026              |

<sup>(1)</sup>NiSource has entered into an agreement to sell this facility, subject to approval by the Pennsylvania Public Utility Commission.

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**ITEM 1. BUSINESS**

**NI SOURCE INC.**

**Competition.** Due to open access and the deregulation of natural gas supplies, our LDC customers can purchase gas directly from producers and marketers in an open, competitive market. Certain of our subsidiaries are involved in programs that provide our residential and commercial customers the opportunity to purchase their natural gas requirements from third parties and use our subsidiaries for transportation services. As of December 31, 2024, 33.9% of our residential customers and 41.2% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our service areas, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the energy markets in which we operate due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Columbia Operations," for additional information.

**NIPSCO Operations**

**NIPSCO Gas**

NIPSCO Gas distributes natural gas to approximately 0.9 million customers in northern Indiana. We operate approximately 17,900 miles of distribution main pipeline plus the associated individual customer service lines and 690 miles of transmission main pipeline located in our northern Indiana service areas. Throughout northern Indiana, we also have gate stations and other operations support facilities. See below for information on our owned operating facilities. There were no significant disruptions to our system or facilities during 2024.

| Facility Name                    | Location            | Type                  | Storage Capacity (MCF) |
|----------------------------------|---------------------|-----------------------|------------------------|
| Royal Center Underground Storage | Royal Center, IN    | Natural Gas           | 7,240,000              |
| Rolling Prairie LNG              | Rolling Prairie, IN | Liquified Natural Gas | 4,000,000              |
| Total Capacities                 |                     |                       | 11,240,000             |

**Competition.** Similar to the Columbia Operations segment, NIPSCO Gas also operates in an open and competitive market which allows retail customers to purchase gas directly from producers and marketers. As of December 31, 2024, 6.7% of our residential customers and 17.6% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our northern Indiana service area, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

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**NISOURCE INC.**

**NIPSCO Electric**

We generate, transmit and distribute electricity to approximately 0.5 million customers in 20 counties in the northern part of Indiana and also engage in wholesale electric and transmission transactions. Our transmission system, has voltages from 69,000 to 765,000 volts, and consists of approximately 3,000 circuit miles. We are interconnected with eight neighboring electric utilities. We operate 66 transmission and 250 distribution substations, and own approximately 311,300 poles. We own and operate generation assets as well as source power through PPAs. We continue to transition our generation portfolio from coal-fired generation to lower-emission sources. We currently have six owned renewable generation facilities in service: Rosewater, Indiana Crossroads Wind, Indiana Crossroads Solar, Dunns Bridge I Solar, Cavalry Solar and Storage and Dunns Bridge II Solar and Storage. Cavalry Solar and Storage went into service May 2024 and Dunns Bridge II Solar and Storage went into service in January 2025. As of December 31, 2024, we have multiple PPAs that provide 600 MW of capacity, with contracts expiring between 2038 and 2040. We also operate two hydro electric generation facilities, a CCGT, and two coal generation facilities. The R.M. Schahfer coal facility is scheduled to be retired by the end of 2025 and the Michigan City coal facility is scheduled to be retired by the end of 2028. Our generating facilities had no material unplanned interruptions during 2024. See below for information on our owned generating facilities:

| Facility Name                            | Location             | Fuel Type         | Generating Capacity (MW) <sup>(1)</sup> |
|------------------------------------------|----------------------|-------------------|-----------------------------------------|
| R.M. Schahfer                            | Wheatfield, IN       | Steam - Coal      | 722                                     |
| Michigan City                            | Michigan City, IN    | Steam - Coal      | 455                                     |
| Sugar Creek <sup>(2)</sup>               | West Terre Haute, IN | CCGT              | 578                                     |
| R.M. Schahfer                            | Wheatfield, IN       | Natural Gas       | 155                                     |
| Oakdale                                  | Carroll County, IN   | Hydro             | 9                                       |
| Norway                                   | White County, IN     | Hydro             | 7                                       |
| Rosewater <sup>(3)</sup>                 | White County, IN     | Wind              | 102                                     |
| Indiana Crossroads Wind <sup>(3)</sup>   | White County, IN     | Wind              | 302                                     |
| Dunns Bridge I <sup>(3)</sup>            | Jasper County, IN    | Solar             | 265                                     |
| Indiana Crossroads Solar <sup>(3)</sup>  | White County, IN     | Solar             | 200                                     |
| Cavalry Solar and Storage <sup>(4)</sup> | White County, IN     | Solar and Storage | 200                                     |
| Dunns Bridge II <sup>(4)</sup>           | Jasper County, IN    | Solar and Storage | 435                                     |
| <b>Total MW Capacity</b>                 |                      |                   | <b>3,430</b>                            |

<sup>(1)</sup>Represents current net generating capability of each fossil fuel and hydro generating facility. Nameplate capacity is listed for wind and solar generating facilities.

<sup>(2)</sup>Represents capacity as of December 31, 2024. Sugar Creek is expected to further increase capacity pending MISO approval in 2025.

<sup>(3)</sup>NIPSCO is the managing partner of these JVs. Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

<sup>(4)</sup>Cavalry Solar and Storage has installed battery storage capacity of 45MW over a four-hour duration. Dunns Bridge has installed battery storage capacity of 56MW over a four-hour duration.

NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC in December 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporated factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements. In addition, if significant new data center load is contracted, the 2024 Plan calls for additional gas-fired resources to support that additional capacity. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these plans.

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**NISOURCE INC.**

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, Financial Transmission Rights and ancillary markets. NIPSCO has transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff. NIPSCO generating units are dispatched by MISO which takes into account economics, reliability of the MISO system and unit availability. During the year ended December 31, 2024, NIPSCO generating units, inclusive of its owned renewable generation facilities, were dispatched to meet 55.4% of its overall system load, and the remainder of the overall system load was procured through PPAs and the MISO market.

**Competition.** Our NIPSCO Electric utility generally has exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Our NIPSCO Operations are subject to seasonal fluctuations in sales. Revenues from electric operations are more significant during the cooling season, which is primarily from June through September. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

**Regulatory**

The regulatory landscape, at both the state and federal levels, continues to evolve, impacting the operations and financial results of our operating companies. Management continually seeks new ways to be more competitive and efficient in this environment, while keeping service and affordability for customers at the forefront. We believe we are, in all material respects, in compliance with such laws and regulations and do not expect future compliance requirements to have a material impact on our capital expenditures, earnings, or competitive position. While we continue to monitor existing and pending laws and regulations, the impact of regulatory changes cannot be predicted with certainty.

**Rate Case Actions.** The following table describes current rate case actions as applicable in each of our jurisdictions. See "Cost Recovery and Trackers" below for further detail on trackers.

(in millions)

| Company                                 | Approved ROE   | Requested Incremental Revenue | Approved Incremental Revenue | Filing Date        | Rates Effective |
|-----------------------------------------|----------------|-------------------------------|------------------------------|--------------------|-----------------|
| <b>Approved Rates Cases</b>             |                |                               |                              |                    |                 |
| Columbia of Pennsylvania <sup>(1)</sup> | None specified | \$ 124.1                      | \$ 74.0                      | March 15, 2024     | December 2024   |
| Columbia of Maryland <sup>(1)</sup>     | None specified | \$ 6.5                        | \$ 3.9                       | May 12, 2023       | December 2023   |
| Columbia of Kentucky                    | 9.75 %         | \$ 23.8                       | \$ 14.3                      | May 16, 2024       | January 2025    |
| Columbia of Virginia <sup>(2)</sup>     | None specified | \$ 40.5                       | \$ 25.8                      | April 29, 2022     | October 2022    |
| Columbia of Ohio                        | 9.60 %         | \$ 221.4                      | \$ 68.3                      | June 30, 2021      | March 2023      |
| NIPSCO - Gas <sup>(3)</sup>             | 9.75 %         | \$ 161.9                      | \$ 120.9                     | October 25, 2023   | August 2024     |
| NIPSCO - Electric <sup>(4)</sup>        | 9.80 %         | \$ 291.8                      | \$ 261.9                     | September 19, 2022 | August 2023     |
| <b>Pending Rate Cases</b>               |                |                               |                              |                    |                 |
| NIPSCO - Electric <sup>(5)</sup>        | In process     | \$ 368.7                      | In process                   | September 12, 2024 | September 2025  |
| Columbia of Virginia <sup>(6)</sup>     | In process     | \$ 37.2                       | In process                   | April 29, 2024     | October 2024    |
| Columbia of Maryland                    | In process     | \$ 10.7                       | In process                   | September 24, 2024 | April 2025      |

<sup>(1)</sup> No approved ROE is identified for this matter since the approved revenue increase is the result of a black box settlement under which parties agree upon the amount of increase.

<sup>(2)</sup> The approved rate case resulted in a black box settlement, representing a settlement to a specific revenue increase but not a specified ROE. The settlement provides use of a 9.70% ROE for future SAVE filings.

<sup>(3)</sup> New rates were implemented in 2 steps, with implementation of Step 1 rates effective in August 2024 and Step 2 rates to be effective no later than March 2025.

<sup>(4)</sup> New rates were implemented in 2 steps, with implementation of Step 1 rates in August 2023 and Step 2 rates effective in March 2024.

<sup>(5)</sup> On February 7, 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC reflecting an annual revenue increase of \$257.0 million. New rates proposed to be implemented in 2 steps, with implementation of Step 1 rates effective no later than September 2025 and Step 2 rates to be effective no later than March 2026.

<sup>(6)</sup> Rates are effective on an as filed basis and subject to refund. Columbia of Virginia and certain intervening parties, filed a Joint Stipulation and Proposed Recommendation for settlement on December 5, 2024, for an annual revenue increase of \$28.2 million, net of SAVE.

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ITEM 1. BUSINESS

**NiSOURCE INC.**

**FERC.** Our service company and operating companies are subject to varying degrees of regulation by the FERC. NiSource Corporate Services files a FERC Form 60 annual report with its financial information as a FERC jurisdictional centralized service company. NiSource also files an annual FERC Form 61 which contains a narrative description of the service company's functions during the prior calendar year.

As natural gas LDCs, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and NIPSCO have limited jurisdictional certificates to transport gas in their respective service territories and into interstate commerce.

As an electric company, NIPSCO has Market Based Rate authority and is a Transmission Owner subject to FERC jurisdiction. NIPSCO files the following reports annually:

- FERC Form 1, which is a comprehensive financial and operating report,
- FERC Form 566, which is a list of its 20 largest purchases of electricity over the past three years,
- FERC Form 715, which is its Annual Transmission Planning and Evaluation Report and the base case power flow data from the Eastern Interconnection Reliability Assessment Group Multiregional Modeling Working Group, which was used by NIPSCO for transmission planning and,
- FERC Form 730, which is NIPSCO's Report of Transmission Investment Activity.

As a Transmission Owner subject to the MISO Transmission Owners Agreement and Tariff, NIPSCO has various FERC jurisdictional obligations such as maintaining its Attachment O formula rates and corresponding protocols. NIPSCO also has FERC approvals to make affiliate transactions between itself and various JVs. NIPSCO's officers, on the electric side, are also subject to FERC's interlocking directorate rules and reporting requirements.

**Regulatory Framework.** The gas distribution activities of our Columbia and NIPSCO Operations have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include (i) gas supply cost incentive mechanisms for service to their core markets, and (ii) the sale of on-system services in the companies' service territories. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the gas distribution operations utility's system. The incentive mechanisms give the gas distribution operations utilities an opportunity to share in the savings created from such situations as gas purchases made below an agreed upon benchmark price and the remarketing of unused pipeline capacity to reduce overall pipeline costs.

We recognize that energy efficiency reduces emissions, conserves natural resources and saves our customers money. Our gas distribution companies offer programs such as energy efficiency upgrades, home checkups and weatherization services. The increased efficiency of natural gas appliances and improvements in home building codes and standards contribute to a long-term trend of declining average use per customer. While we are looking to expand offerings so the energy efficiency programs can benefit as many customers as possible, our gas distribution operations utilities have pursued changes in rate design to more effectively match recoveries with costs incurred. Columbia of Ohio has adopted a straight fixed variable rate design for residential and small commercial customers 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. 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. NIPSCO Gas and Electric include a fixed customer charge for residential and small commercial and industrial customer classes. NIPSCO Gas has also received approval and implemented a weather normalization adjustment for certain of its customer classes.

While increased efficiency of electric appliances and improvements in home building codes and standards have similarly impacted the average use per electric customer in recent years, NIPSCO expects future growth in per customer usage as a result of increasing electric applications, such as electric vehicles. These ongoing changes in use of electricity will likely lead to development of innovative rate designs, and NIPSCO will continue efforts to design rates that increase the certainty of recovery of fixed costs.

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**ITEM 1. BUSINESS**

**NiSOURCE INC.**

**Cost Recovery and Trackers.** Comparability of our operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs. 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 NIPSCO Operations' and Columbia Operations' gas distribution revenue is related to the recovery of gas costs through GCA's, the review 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 confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the NIPSCO 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.

**Political Action**

The NiSource Political Action Committee ("NiPAC") provides our employees a voice in the political process. NiPAC is a voluntary, employee driven and funded political action committee, and NiPAC makes bipartisan political contributions to local, state and federal candidates where permitted and in accordance with established guidelines. Consistent with our commitments and our approach to engagement, the NiPAC leadership committee members evaluate candidates for support on issues important to our business.

**Environmental and Safety Matters**

PHMSA Legislation and Regulations

To fulfill our vision of being a trusted energy provider, we follow safety practices required by regulations and we implement our Safety Management System ("SMS"). SMS serves as the framework to identify and reduce risks and ensure consistent safety processes, procedures and operations across the organization.

As directed by law in the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2020, PHMSA has revised, and continues to revise, the pipeline safety regulations focused on public safety and environmental hazard mitigation. Specific areas of focus for upcoming rulemaking include leak detection and repair criteria (the "LDAR" rule) and regulations that require operators to upgrade their existing low-pressure regulating stations with enhanced safeguards and update distribution integrity management plans, emergency response plans, and operation and maintenance plans (the Safety of Gas Distribution Pipelines, or "SGDP" rule).

In May 2023, PHMSA proposed regulatory revisions under the PIPES Act of 2020 to minimize methane emissions and improve public safety. Under the proposed revisions, our subsidiaries would be required to detect and repair an increased number of gas leaks, reduce the time to repair leaks, increase leak survey, and expand our existing advanced leak detection program. In January 2025, PHMSA submitted a final LDAR rule to the Federal Register and is currently suspended.

In September 2023, PHMSA proposed additional regulatory revisions under the PIPES Act of 2020 to enhance distribution system safety through equipment and procedural expectations in the form of the SGDP rule. Operators will be required to incorporate additional protections for low pressure distribution systems that prevent over-pressurization, amend construction procedures designed to minimize the risk of incidents caused by system over-pressurization, and update distribution integrity management programs to cover and prepare for over-pressurization incidents. PHMSA did not progress the SGDP rulemaking in 2024.

We continue to evaluate and monitor PHMSA legislation and regulations but cannot predict the impact of changing pipeline safety regulations on our business at this time.

Climate Change Issues

**Physical Climate Risks.** Increased frequency of severe and extreme weather events associated with climate change could materially impact our facilities, energy sales, and results of operations. We are unable to predict these events. However, we perform assessments of physical risk, including physical climate risk, to our business. More extreme and volatile temperatures, increased storm intensity and flooding, and more volatile precipitation leading to changes in lake and river levels are among the weather events that are most likely to impact our business. Efforts to mitigate these physical risks continue to be implemented.



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ITEM 1. BUSINESS

**NISOURCE INC.**

***Transition Climate Risks and Opportunities.*** We actively engage with and monitor the impact that proposed legislative and regulatory programs related to GHG emissions would have on our business. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

Regarding federal policies, we continue to monitor the status of climate change-related legislation and regulation, including the IIJA, IRA, and EPA's Waste Emissions Charge for Petroleum and Natural Gas systems. We have identified and pursued potential opportunities associated with the IIJA and the IRA that align with our strategy. These opportunities include tax incentives for renewable generation and storage projects, tax credit transferability and grant funding for grid resiliency, hydrogen hubs and leak detection. The new federal administration has signaled through executive actions a desire to roll-back several climate-related policies including funding for IIJA and IRA programs. We continue to evaluate and monitor how these changes will impact our business.

In May 2024, the EPA published final greenhouse gas standards and guidelines for fossil fuel-fired power plants. The rules are not expected to impact NIPSCO's existing electric generation, but, depending on the outcome of ongoing litigation and potential future changes to the rules, may impose certain operational limitations on other existing and new electric generation. Through the 2024 NIPSCO IRP process, we assessed that cost to electric customers would be approximately \$675 million greater due to these rules.

We also continue to monitor evolving state policies related to GHG emissions. The Climate Solutions Now Act of 2022 requires Maryland to reduce GHG emissions by 60% by 2031 (from 2006 levels), and it requires the state to reach net zero emissions by 2045. The Maryland Department of the Environment ("MDE") adopted a plan to achieve its 2031 goal and is required to adopt a plan for their 2045 net zero goal by 2030. The Act also enacts a state policy to move to broader electrification of both existing buildings and new construction. In December 2024, the Maryland Department of the Environment issued updated final Building Energy Performance Standards, which would require net zero direct greenhouse gas emissions from large buildings by 2040 with interim targets, or payments of an alternative compliance fee. Columbia of Maryland is advocating for compliance pathways that use RNG, hydrogen, new technologies and emissions offsets. Under an executive order, Maryland is also developing a Clean Heat Standard and a Zero-Emission Heating Equipment Standard that are intended to transition gas appliances to electric heat pumps. Separately, the PSC has also initiated a proceeding related to Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies. Columbia of Maryland cannot predict the final impact of these policies on our business at this time.

***Net Zero Goal.*** In November 2022, we announced a goal of net zero greenhouse gas emissions by 2040, covering both Scope 1 and Scope 2 GHG emissions ("Net Zero Goal"). Our Net Zero Goal builds on greenhouse gas emission reductions achieved to-date. We plan to achieve our Net Zero Goal primarily through the continuation and enhancement of existing programs, such as retiring and replacing coal-fired electric generation with low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak-detection technologies. In addition, we plan to advance other low- or zero-emission energy resources and technologies, which may include hydrogen, renewable natural gas, long-duration storage, and/or deployment of carbon capture and utilization technologies, if and when these become technologically and economically feasible. Carbon offsets and renewable energy credits may also be used to support achievement of our Net Zero Goal. As of the end of 2023, we had reduced Scope 1 GHG emissions by approximately 72% from 2005 levels.

Our greenhouse gas emissions projections, including achieving a Net Zero Goal, are subject to various assumptions that involve risks and uncertainties, and did not include any assumptions related to data center development and associated load growth. We remain committed to our Net Zero Goal, however, certain of our interim goals may evolve as we assess and respond to business opportunities such as data centers. Achievement of our Net Zero Goal by 2040 will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, as well as execution of our business plan. Otherwise, our actual results or ability to achieve our Net Zero Goal, including by 2040, may differ materially.

As discussed in Management's Discussion within "Results and Discussion of Operations - NIPSCO Operations," NIPSCO continues to execute its electric generation transition consistent with the preferred pathways identified in its 2018, 2021 and 2024 Integrated Resource Plans. Additionally, as discussed in Management's Discussion within "Executive Summary - Energy Transition" and "Liquidity and Capital Resources - Regulatory Capital Programs," our natural gas distribution companies are lowering methane emissions by replacing aging infrastructure, which also increases safety and reliability for customers and communities.

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ITEM 1. BUSINESS

**NiSOURCE INC.**

**Human Capital**

**Human Capital Management Governance and Organizational Practices.** The Compensation and Human Capital Committee ("C&HC Committee") of our Board of Directors (the "Board") is primarily responsible for assisting the Board in overseeing our human capital management practices. The C&HC Committee reviews our human capital management function and programs. The review of related procedures, programs, policies and practices allows the committee to make recommendations to management with respect to equal employment opportunity, employee engagement, organizational health, and talent management.

**Human Capital Goals and Objectives.** We have aligned our human capital goals to achieve overall company strategic and operational objectives by driving an enhanced talent strategy, elevating support for front-line leaders, fostering a culture of rigor and accountability, and strengthening our human resource function. We aspire to be an employer of choice, in part, through embedding inclusion throughout the enterprise and creating an enviable employee experience.

**Workforce Composition.** As of December 31, 2024, we had 7,687 full-time and 59 part-time active employees (i.e., not interns, not on leave or disability). Of our total workforce, 32% were subject to collective bargaining agreements with various labor unions. These collective bargaining agreements were renegotiated in 2021 and 2023 and expire in 2026 and 2027, respectively.

We foster an enviable work environment where all employees are energized. In efforts to become an employer of choice, we have developed sourcing strategies to attract and retain the most qualified talent. Our executive leadership team is characterized by a diverse composition, with 75% representation from both people of color ("POC") and females. We have increased our overall population of females and POC in 2024.

In 2024, our Diversity of Slate process supported our talent acquisition team filling 1,565 roles with 831 external candidates. These external hires included 34% being filled with POC and 40% being filled with female candidates. These sourcing efforts led our organization across all businesses to make progress toward a workforce composition that embraces different perspectives.

Our employee resource groups (ERGs) serve to create a culture of inclusion through their engagement of all employees throughout the year. We continue to develop ERG leaders to equip employees with the necessary tools to further support our efforts for advancement and strengthen our inclusive workplace. A key area for us has been our implementation and development of programs to drive higher retention and engagement of our employees, focusing on inclusive leadership training for Directors and Managers in the organization. Our commitment is grounded in the core belief that our purpose extends far beyond our primary role as a utility company.

We are committed to providing equal employment opportunities in each of our companies to all employees and applicants without regard to race, color, religion, national origin or ancestry, veteran status, disability, gender, age, marital status, sexual orientation, gender identity, genetic information, or any protected group status as defined by law. The input provided by our increasingly diverse workforce will continue to strengthen our corporate culture as well as drive constructive changes within our company to improve our operational strategies, enhance the quality of the services we provide, and increase revenue.

**Talent Attraction.** To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate relationships with community and diversity outreach partners. We also target job fairs, including those focused on people of color, veteran, and female candidates while also partnering with local colleges and universities to identify and recruit qualified applicants.

Similar to other companies, we have focused on creating a flexible, agile model for roles that can be performed in a more remote setting. Our hybrid model recognizes differing ways of working; onsite, hybrid and remote. Most of our workforce is onsite and our hybrid and remote roles provide different avenues of working and seeking talent across our footprint. Hybrid employees work in a NiSource facility at least twice a week. This in-office presence supports colleague connection, development, in-person mentoring, and broader team building.

**Talent Development and Retention.** We offer leadership development programs to enhance the behaviors and skills of our existing and future leaders. In 2024, we had participation from employees of all levels. We also offer extensive technical and non-technical employee development training programs.



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ITEM 1. BUSINESS

**NI SOURCE INC.**

We strive to provide promotion and advancement opportunities for employees. In 2024, for all leadership positions at the supervisor and above level posted externally, we filled 64% with internal employees. We also develop and implement targeted development action plans to increase succession candidate readiness for leadership roles. Additionally, we monitor the risk and potential impact of talent loss and take action to increase retention of top talent. Retention in 2024 was 93%. We calculate retention as 100 minus the total number of separations divided by the average headcount for the annual period. These separations break down into involuntary separations (2%), resignations (3%), and retirements (2%).

**Succession Planning.** We perform succession planning annually for officer level positions to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Talent is identified, and potential paths of development are discussed, to ensure that employees have an opportunity to build their skills to be well-prepared for future roles. We maintain formal succession plans for our CEO and key officers. The succession plan for our CEO is reviewed by the Environmental, Social, Nominating and Governance Committee and the succession plans for key officers (other than the CEO) and critical roles are reviewed by the Compensation and Human Capital Committee annually or more frequently as needed.

**Employee and Workplace Health and Safety.** We have several programs to support employees, and their families' well-being. These programs include competitive medical, dental, vision, life and long-term disability programs, including employee health savings account company contributions, telemedicine services, Employee Assistance Program, Integrated Health Management navigation services, and paid time off including wellness, sick/disability, parental leave, and illness in family days.

We also have a robust program to support employees, contractors and public safety, which is led by our Chief Safety Officer and is under the oversight of the Safety, Operations, Regulatory and Policy Committee of our Board.

**Culture and Engagement.** Our culture is another important aspect of our ability to advance our strategic and operational objectives. In addition to recruiting, development and retention programs described above, we also invest in internal communications programs, including in-person and virtual learning and networking opportunities, as well as regular town hall communications to employees. We measure and monitor organizational health and employee engagement through various channels including employee lifecycle, pulse, and census surveys.

To instill and reinforce our values and culture, we require our employees to participate in regular training on ethics and compliance topics each year, including raising concerns, treating others with respect, preventing discrimination in the workplace, anti-bribery and corruption, data protection, unconscious biases, harassment, conflicts of interest, and how to use the anonymous ethics and compliance hotline. All employees receive training on our Code of Business Conduct annually or more frequently if there is a material change in content. Because of this training and other programs, we have learned from our most recent employee survey that our employees know what ethical violations look like and how to report them. Our Code of Business Conduct is designed to ensure that our employees adhere to legal and regulatory requirements, mitigate risks, and promote ethical behavior. Our ethics program is led by leadership tone at the top, policies and procedures, regular training and communication, monitoring and auditing, and a system for reporting and addressing violations. Our business ethics program, including the employee training program, is reviewed annually by our executive leadership team and the Audit Committee of our Board of Directors.

Our Compensation and Human Capital Committee reviews reports from our Chief Human Resources Officer on employee engagement and corporate culture. Our Board reviews results and action plans related to our enterprise-wide comprehensive employee engagement survey. Our executive leadership team, including our CEO, communicates directly and regularly with all employees on timely ethics topics through electronic messages, coffee chats, and all-employee town hall meetings. These communications emphasize the importance of our values and culture in the workplace.

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INFORMATION ABOUT OUR EXECUTIVE OFFICERS

**NiSOURCE INC.**

The following is a list of our Executive Officers, including their names, ages, offices held and other recent business experience.

| <u>Name</u>           | <u>Age</u> | <u>Office(s) Held in Past 5 Years</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lloyd M. Yates        | 64         | President and Chief Executive Officer of NiSource since February 2022 and Director since March 2020<br>Executive Vice President, Customer and Delivery Operations, and President, Carolinas Region, of Duke Energy Corporation from 2014 to 2019                                                                                                                                                                                                                                      |
| Shawn Anderson        | 43         | Executive Vice President and Chief Financial Officer of NiSource since March 2023<br>Senior Vice President and Chief Strategy and Risk Officer from June 2020 to March 2023<br>Vice President, Strategy and Chief Risk Officer from January 2019 to May 2020                                                                                                                                                                                                                          |
| Melody Birmingham     | 53         | Executive Vice President, and President, NiSource Utilities of NiSource since March 2023<br>Executive Vice President, Chief Innovation Officer of NiSource from July 2022 to March 2023<br>Senior Vice President and Chief Administrator Officer of Duke Energy Corporation from May 2021 to June 2022<br>Senior Vice President, Supply Chain and Chief Procurement Officer of Duke Energy Indiana from 2018 to April 2021                                                            |
| William Jefferson, Jr | 63         | Executive Vice President, Chief Operating and Safety Officer of NiSource since May 2024<br>Executive Vice President, Operations and Chief Safety Officer of NiSource from July 2022 to May 2024<br>Station Director at STPNOC, Wadsworth, Texas, from 2020 to May 2022 and Vice President in 2022                                                                                                                                                                                     |
| Michael S. Luhrs      | 52         | Executive Vice President, Strategy and Risk and Chief Commercial Officer of NiSource since March 2023<br>Senior Vice President at Alliant Energy from 2022 to March 2023<br>Vice President at Duke Energy Corporation from 2013 to 2022                                                                                                                                                                                                                                               |
| Kimberly S. Cuccia    | 41         | Senior Vice President, General Counsel and Corporate Secretary of NiSource since April 2022<br>Vice President, Interim General Counsel and Corporate Secretary of NiSource from December 2021 to April 2022<br>Vice President and Deputy General Counsel, Regulatory, of NiSource Corporate Services Company, from January 2021 to December 2021<br>Vice President and General Counsel of Columbia Gas of Massachusetts and of NiSource Corporate Services Company, from 2019 to 2020 |
| Melanie B. Berman     | 54         | Chief Human Resources Officer and Senior Vice President, Administration of NiSource since May 2024<br>Senior Vice President and Chief Human Resources Officer of NiSource from June 2021 to May 2024<br>Executive Vice President and Chief Human Resources Officer of The Michaels Companies, Inc. from 2020 to 2021                                                                                                                                                                  |
| Gunnar J. Gode        | 50         | Vice President, Chief Accounting Officer and Controller of NiSource since July 2020<br>Vice President and Controller of Washington Gas from March 2019 to 2020                                                                                                                                                                                                                                                                                                                        |

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**NISOURCE INC.**

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**OPERATIONAL RISKS**

**We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities, such as data center development and related generation sources and transmission capabilities to meet potential load growth.**

Operational, financial or regulatory conditions may result in our inability to execute our business plan or growth strategy, including investments related to natural gas and electric distribution and transmission infrastructure investments and our electric generation projects. Additionally, operational, financial or regulatory conditions may result in our inability to manage the development and implementation connected to the complex business opportunity associated with growing interest in data centers from existing and potential customers.

Our enterprise-wide transformation roadmap initiatives identify and enable long-term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization, and these initiatives have increased the volume and pace of change and may not be effective as it continues. Our customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Furthermore, we are evaluating the potential for data center development in our service territories, including ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, while at the same time focusing on our environmental goals. We expect that management of load growth would require new generation and transmission capabilities. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, and mergers from time to time as we execute on our business plan and growth strategy. As data center opportunities evolve and develop, we may also enter into arrangements and agreements with customers and potential customers that require us to invest capital related to the data center development and related generation sources and transmission capabilities before we receive any potential return. Any of these circumstances could adversely affect our business, results of operations and growth prospects. Even if our business plan, growth strategy, and/or business opportunities are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We are currently experiencing, and expect to continue to experience, supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects, as well as our ability to ensure timely completion.

**Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.**

As we evaluate business opportunities presented by the data center development in our territories, including a focus on northern Indiana, we face a variety of challenges including accurately predicting future power needs of data centers due to rapidly changing technology and market dynamics, managing the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, financing the capital investment needed to build and maintain the necessary infrastructure to support data center development, managing the possible environmental impact of the potential increased power demand while remaining focused on our Net Zero Goal, and evaluating and complying with evolving regulations related to data center development. As we evaluate the potential for data center development in our service territories, we must effectively manage these financial, operational and regulatory risks.

**Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.**

Our gas distribution and transmission, electric generation, transmission and distribution activities, involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental spills, mechanical problems, damage from weather events, and other incidents, which could cause substantial financial losses. These hazards and risks have resulted and may result in serious injury or loss of life to employees and/or the general public, significant damage to property,

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**NISOURCE INC.**

environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial business and financial losses. The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. Hazardous incidents have subjected and may subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

**We currently conduct and may conduct in the future certain operations through a JV arrangement involving third- party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.**

We have and may enter into JV arrangements involving third-party investors, including the NIPSCO Minority Interest Transaction. As part of a JV arrangement, third-party investors may hold certain protective rights that may impact our ability to make certain decisions, restricting our operational and corporate flexibility. Any such third-party investors may have interests and objectives which may differ from ours, we may be unable to cause these third parties to take action that we believe would be in the JV's best interest, and, accordingly, disputes may arise that may result in operational impasses or litigation, including business delays.

**Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our ability to manage such related costs could make us less competitive.**

A key element of our electric business model includes generating power at central station power plants and transmitting that power to customers to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, energy storage, and implement energy efficiency programs for customers. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating, transmission and distribution facilities to decline.

Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, and potential competition supported by changes in laws or regulations could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology, successfully implement such changes, and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our business, results of operations and financial condition. Furthermore, if these changes do not provide the anticipated benefits or meet customer demands, such failure could materially adversely affect our business model as well as impact results of operations and financial condition.

**Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.**

We use a variety of technological tools and systems including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact its financial condition and results of operations. Although the Company has, when possible, developed alternative sources of technology and built redundancy into its computer networks and tools, there can be no assurance that these efforts would protect against all potential issues related to the loss of any such technologies.

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**NiSOURCE INC.**

**Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.**

We have risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and/or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures and (3) other potential risks related to missing or incorrect infrastructure data. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs.

Supply chain issues related to shortages of materials, labor and transportation logistics may lead to delays in the maintenance and replacement of aging or damaged infrastructure, which could increase the probability and/or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile some materials in inventory for such supply risks, we may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of electric service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

**We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.**

Our ability to obtain insurance, as well as the cost and coverage of such insurance, is impacted by various events and developments affecting our industry and the financial condition and underwriting considerations of insurers. For example, some insurers have discontinued underwriting certain carbon-intensive energy-related businesses such as those in the coal industry or excluded coverage for specific perils such as wildfires or punitive damage risks. Certain perils, such as cyber liability, are now being excluded from some master policies for property and casualty insurance, requiring, where we have the ability, procurement of additional policies to maintain consistent coverage at an additional cost. Specific natural catastrophe events, such as hail and tornado, may not be covered with the same limits as other perils in certain property policies, as full coverage for these events is unavailable in the marketplace without costly specialty policies. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position.

**Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.**

We intend to retire the remaining two coal units at R.M. Schahfer Generating Station by the end of 2025, two natural gas-fired peaking units at R.M. Schahfer Generating Station by the end of 2027, and the coal unit at Michigan City Generating Station by the end of 2028. These units are being replaced with a diverse, flexible, and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management programs, wind, solar, battery energy storage, and new natural gas peaking resources. Macro supply chain issues and U.S. federal policy actions could create uncertainty around the availability of key input materials necessary to develop and place our electric generation projects in service.

We expect renewable generation, battery energy storage and natural gas generation to be the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. Any delays in the completion of such projects could create significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Delays to the

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completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition.

Our electric generation strategy may require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. An inability to secure and deliver on electric generation projects has negatively impacted, and could in the future negatively impact, our generation transition timeline and could negatively impact our achievement of decarbonization goals and reputation.

**Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies.**

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas transmission and distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs. Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth, which may not materialize, and may cause the construction to occur over an extended period of time.

Construction risks include, but are not limited to, changes in the availability or costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, poor initial cost estimates, unforeseen engineering issues, and general contractors and subcontractors not performing as required under their contracts.

We are monitoring risks related to increasing delivery lead times for certain construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We continue to see increasing prices associated with certain materials, equipment and products, which impacts our ability to complete major capital projects at the cost that was planned and approved. To the extent that delays occur, costs increase, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our affordability and complete our capital projects, our business operations, results of operations, cash flows, and financial condition may be adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights-of-way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion.

**A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, and economic conditions impact customer demand.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity (which volatility is described in more detail in the below risk factor), whereby usage declines with increased costs which could affect our financial results. Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, demand and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results.



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**NiSOURCE INC.**

**Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.**

Our current electric generating fleet has dependencies on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in selling energy to our customers. While we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation and storage facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if capacity is inadequate or if supply is interrupted due to issues at the wellhead, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

**Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.**

We face increased competition for talent which may result in longer hire times or increased cost due to the competitive nature of certain positions.

We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment or other conditions, including those related to organizational changes as described in the risk factor below.

Further, as part of our strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal-fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re-skill certain employees to support our long-term objectives. Additionally, successful implementation of our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee its progress.

A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Failure to attract, retain, or re-skill qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, could result in a loss of momentum, loss of high-level employees to our peers and could materially adversely affect our business, results of operations, cash flow and financial condition. If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory labor relations, safety, service reliability, and customer satisfaction, our results of operations could be adversely affected.

**If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.**

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes

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**NI\$OURCE INC.**

from our transformation initiatives have put short-term pressure on employees due to the volume and pace of change and, in some cases, the loss of personnel. Front-line workers are being impacted by the variety of process and technology changes that are currently in progress.

If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted.

**Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.**

We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long-term strategy or the interests of our other stockholders. Our response to suggested actions, proposals, director nominations and contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees, and be costly and time-consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third-party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

**We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.**

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We have seen, and may see in the future, slowing deliveries from suppliers and in some cases materials and labor shortages. In addition to delays and unavailability, at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry standards), interruption of service, accidents, or reputational harm, which could negatively impact our business, financial condition and results of operations. The nature of indirect supply chain, including a potential lack of control or certain visibility into sourcing by vendors, may also impact our ability to serve customers in a safe, reliable and cost-effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If we continue to see delayed deliveries and shortages or if any other difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers, or employees.

**A cyber-attack or security breach on any of our or certain third-party technology systems, including but not limited to information systems, infrastructure, software and hardware, upon which we rely may adversely affect our ability to operate, 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 technology 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 cybersecurity risks that all large corporations face (e.g., ransomware, 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 electric grid and natural gas infrastructure as well as sensitive and confidential customer and employee information. 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 electric grid and the natural gas infrastructure. Increasing large-scale corporate cyber-attacks in conjunction with more sophisticated threats continue to challenge utility companies. Additionally, international conflicts, as well as increased surveillance activity from global threat actors, has increased the likelihood of a cyber-attack or security breach on critical infrastructure systems.



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**NI SOURCE INC.**

Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks or security breaches by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such cyber-attacks or security breaches, our cybersecurity program does not prevent all breaches, cyber-attack or security breach incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, cybersecurity intrusions and attacks or security breaches to our information systems. To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted cyber-attacks or security breaches have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber-attack or security breach techniques, lack of cybersecurity hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non-compliance with cybersecurity controls can also result in a cybersecurity incident. We are aware of vendor cybersecurity incidents that have impacted our business, although no such events have had a material impact. Cyber-attacks or security breaches can occur at any point in the supply chain or with any suppliers, and future supplier non-compliance with cybersecurity controls could result in material cybersecurity incidents. In addition, we use unmanned aircraft systems (UAS) or drones in our business operations. UASs are also being used for malicious activities and the cybersecurity risk in connection with operating UASs is increasing.

In addition, we collect and retain personally identifiable information of our customers and employees. Customers and employees expect that we will adequately protect their personal information.

A cybersecurity breach of our information systems or operational technology, or a cybersecurity breach of the information systems of our customers, suppliers or others with whom we do business, could, among other things, (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 and/or results of operations. Although we do maintain cybersecurity 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.

**Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and/or cash flows.**

The legal and regulatory environment surrounding cybersecurity and privacy is increasingly demanding. As cyber-attacks or security breaches are becoming more sophisticated, critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted. In 2021, the TSA announced two new cybersecurity directives in response to a ransomware attack on the Colonial Pipeline that occurred earlier in the year. These directives, including updates or amendments to such TSA directives, require critical pipeline owners to comply with mandatory reporting measures, designate a cybersecurity coordinator, provide vulnerability assessments, and ensure compliance with certain cybersecurity requirements. In November 2024, the TSA issued a Notice of Proposed Rulemaking (NPRM) that would mandate cyber risk management and reporting requirements for the pipeline industry. Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber-attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any failure to comply with government regulations or any failure in our cybersecurity protective measures may result in enforcement actions, all of which may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates.

**The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers.**

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a hurricane, tornado, wildfire, flood, or other major weather event, or terrorist attack, acts of war, international

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**NISOURCE INC.**

military invasions, including the political and economic disruption and uncertainty related to such terrorist attack, acts of war, or international military invasions, civil unrest, accident, public health emergency (e.g. pandemic), or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from tornadoes, hurricanes and remnants of hurricanes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, the supply chain constraints that we are experiencing could impact our ability to timely restore services. The occurrence of such events could materially adversely affect our business, financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. As a result, the amount and scope of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.

**We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.**

As a utility company, we are subject to adverse publicity focused on the actual or perceived reliability or affordability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or cybersecurity incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental practices or impacts, including our ability to meet the challenges posed by climate change and achieve our carbon emission reduction goals, as well as negative opinions regarding the appropriateness of such goals. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The foregoing may have adverse effects on our business, results of operations, cash flow and financial condition.

**The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.**

Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including temperature stresses to our electric and gas systems and equipment and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers. Further, as our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards than centralized generation, thereby increasing the frequency of weather impacts to overall electric reliability. Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us.

Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower-carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with economic considerations, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and regulations restricting, or imposing fees on, emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost-competitive option, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future.

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We are unable to forecast the future of commodity markets. Some of our generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long-term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs, reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services.

Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could not only harm our reputation, but could adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, Maryland is considering policies related to the planning, practices, and future operations of natural gas suppliers in its state which could impact our business in the future.

**We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goals.**

In November 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the “Net Zero Goal”). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, of which, the impacts and costs are not currently fully understood. NIPSCO’s electric generation transition, which is outlined in the 2024 Plan, is a key element of the Net Zero Goal. Our analysis and plan for execution requires us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements, the ability to complete and implement generation alternatives to NIPSCO’s coal generation and retire NIPSCO’s coal facilities; the ability to implement our modernization plans for our natural gas pipelines and facilities, including construction of new pipelines and facilities; customer demand and capacity needs remaining in line with current expectations, including impacts from energy efficiency and technological innovation and adoption of alternative energy sources; the ability to effectively manage business opportunities from data center development; the ability to manage costs and supply chain risks associated with construction of electric and natural gas assets; technological innovation and costs of energy generation technologies such as wind, solar, thermal and energy storage, and of carbon abatement technologies such as carbon capture solutions; regulatory approval; impacts of potential future environmental regulations or legislation, including potential GHG pricing regimes such as a carbon tax or methane fee; price, availability and regulation of carbon offsets; and price of natural gas and alternative fuels such as hydrogen. Any negative opinions with respect to these goals or our environmental practices, including our ability to meet the challenges posed by climate change and our ability to achieve our carbon emission reduction goals, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition.

**FINANCIAL, ECONOMIC AND MARKET RISKS**

**We have substantial indebtedness which could adversely affect our financial condition.**

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of \$13,960.3 million outstanding as of December 31, 2024. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;

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**NISOURCE INC.**

- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, non-compliance with debt covenants could adversely affect our ability to obtain future borrowings and as a result materially adversely affect our business, financial condition, results of operations, and liquidity.

**A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.**

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, liabilities, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2024, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$115.5 million. In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If our or certain of our subsidiaries’ credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

**Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.**

Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long-term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. There may be external factors such as inflation, monetary policy or other market conditions which could impact our cost of borrowing and could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because

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**ITEM 1A. RISK FACTORS**

**NISOURCE INC.**

NIPSCO's current generating facilities substantially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, investors may choose to sell or choose not to purchase our stock due to environmental, social and governance or sustainability concerns. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

We may face limits, or the inability, to access credit and capital markets or may experience significant increases in the cost of capital, which could limit our ability to implement or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

**Most of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, regulatory interpretations, customer intervention, economic conditions, the political environment and customer affordability. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services.

**The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.**

The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These state regulatory commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC).

Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing interests. Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudency reviews by state regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings could adversely affect our financial position, results of operations and cash flows.

There can be no assurance that regulators will approve the recovery of all operating and capital costs incurred by our electric and natural gas companies, including, but not limited to, costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cybersecurity laws and regulations. Further, we face regulatory challenges when our electric and gas companies seek regulatory recovery of increases to materials and other costs as a result of inflationary pressures, including accounting for inflationary pricing in plans and assumptions and ensuring there is a regulatory recovery model. There is debate among state regulators and other stakeholders over how to transition to a decarbonized economy and prudency arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating or capital costs could have an adverse effect on a company's financial position, results of operations and cash flows.

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Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs or operational requirements for the companies.

In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company's allowed ROE as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments. These actions would have an adverse effect on our financial position, results of operations and cash flows.

Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations, including the expected final ruling around leak detection and repair requirements could subject our gas utilities to higher operating costs and divert business resources from other activities in order to remain compliant. If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation.

Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows.

**Our business operations are subject to economic conditions in certain industries.**

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and consumer demand for environmentally friendly products and practices. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs, government and societal pressure to decarbonization, and fluctuating demand for its products.

**We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.**

Our extension of credit is governed by a Corporate Credit Risk Management Policy, involves judgment by our employees and is based on an evaluation of customer, supplier, or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions impacting these credit risk exposures could result in an increase in defaults by customers, suppliers and counterparties. We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations, such risks could negatively impact our business, financial condition and cash flow.

**We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.**

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

**Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.**

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which could fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the



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**ITEM 1A. RISK FACTORS**

**NISOURCE INC.**

obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expenses could negatively impact our results of operations and financial position.

**We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.**

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, the carrying value of goodwill would not be recoverable, in which case we may record a non-cash impairment charge, which could materially impact our results of operations and financial position.

A significant impairment charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility, which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

**The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.**

We are, or may be, involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, the most significant of which are summarized in, Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. While we maintain insurance, it may not cover all costs or expenses incurred relating to litigation. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

**Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies and a failure to comply with changes in, or new or different interpretations of, such laws, regulations, tariffs and policies could have an adverse impact on our business.**

Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new or different laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints, both direct and indirect, including but not limited to material or labor shortages, may challenge our ability to remain in compliance with these laws, regulations, tariffs and policies and operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

**Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.**

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, leak detection and repair, GHG and waste products such as CCR. Compliance with

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**ITEM 1A. RISK FACTORS**

**NiSOURCE INC.**

these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage.

Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities.

An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we have set a Net Zero Goal and continue to execute our plan to reduce our GHG emissions by the increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, GHG emissions are anticipated to be associated with energy delivery for many years. Future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and may promulgate additional regulations concerning the management, storage, use and disposal of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage.

We currently have a pending application with the EPA to continue operation of a CCR impoundment that is tied to operation of R.M. Schahfer Generating Station Units 17 and 18 to the end of 2025, with the CCR impoundment closing by October 2028. In proposed and final EPA actions denying continued operation of CCR impoundments at other utilities, EPA said that CCR impoundments should cease receipt of CCRs within 135 days of final EPA action unless certain conditions are demonstrated, such as potential reliability issues. In the event that approval is not obtained, future operations could be impacted.

The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes or increases in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

**Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.**

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted or interpreted by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than \$1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. Our NIPSCO subsidiary's renewable portfolio is eligible for tax credits associated with the investment in renewable generation assets and production of power from those assets. Statutory changes, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.



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ITEM 1B. UNRESOLVED STAFF COMMENTS

**NiSOURCE INC.**

None.

ITEM 1C. CYBERSECURITY

NiSource has implemented and maintains a comprehensive cybersecurity program that includes a variety of security controls and measures designed to identify, assess, and manage material cybersecurity risks. The program is a part of NiSource's enterprise risk management strategy. The enterprise risk team and the Risk Management Committee review material risks to any NiSource operating company based on perspectives from external experts, peer surveys, and the potential impact to NiSource's enterprise assets and strategic objectives.

Risk events are classified based on both the timing of impact and NiSource's ability to preventatively mitigate the risk. For the cybersecurity risks that can be preventively mitigated, the enterprise risk team gathers quarterly updates on mitigation gap closure from risk owners. The Risk Management Committee reviews any mitigation gaps identified by risk owners and approves or rejects the pace of mitigation activities as a statement of risk tolerance and then directs that mitigation activities be included in budgets and the business plan as appropriate.

The NiSource cybersecurity program includes the following key components:

**Risk assessment.** NiSource regularly assesses its cybersecurity risks to identify and prioritize the most significant threats. The risk assessment process considers a variety of factors, including those specific to the utility/energy industry, the types of data NiSource collects and stores, and the threats posed by known vulnerabilities. NiSource engages third parties to perform independent assessments of its cybersecurity program, provide intelligence about the threat environment, and to provide operational assistance in managing the program. Annually, a third-party independent assessment is performed to evaluate NiSource cybersecurity maturity against a framework of cybersecurity controls. NiSource also performs bi-annual penetration testing and social engineering assessments performed by a third-party.

**Third-party risk management.** NiSource performs cyber assessments periodically on third-party vendors and service providers with whom NiSource shares data, relies on for critical business functions, or provides access to the NiSource network or systems. NiSource's Supply Chain function works with the Legal and Cyber functions to periodically update cybersecurity contractual provisions in its vendor agreements, with deviations from such provisions requiring approval from the Legal and Cyber functions. NiSource's Supplier Code of Business Conduct requires, among other things, that suppliers ensure safe and secure use of information assets, comply with applicable law relating to personal information, and adhering to standards relative to the use and protection of Company information, including that of our employees, customers, vendors and other stakeholders. In addition, all vendors and contractors that have access and/or connectivity to the NiSource environment must complete cybersecurity training annually.

**Security controls.** NiSource has implemented a variety of security controls to mitigate cybersecurity risks. These controls include technical controls, such as firewalls and intrusion detection systems, as well as administrative controls, such as employee training and security awareness programs. To ensure cybersecurity controls, NiSource OT within the electric business adheres to the NERC CIP. Within the natural gas business, cybersecurity controls are managed and monitored based on the TSA Security Directives.

**Incident response.** NiSource has a comprehensive incident response plan in place to respond to cybersecurity incidents. The plan includes steps for detection, analysis, containment, eradication, and recovery from incidents, as well as steps for notifying affected individuals and regulators.

The NiSource Board of Directors' Audit Committee has responsibility for oversight of the cybersecurity program and risks from cybersecurity threats. The Audit Committee regularly reviews NiSource's cybersecurity posture. The CISO briefs the Audit Committee on cybersecurity risks and risk mitigation initiatives and actions. In addition, the Board of Directors remains informed of key and emerging cybersecurity risks and receives updates by the Audit Committee after each of its regularly scheduled meetings.

At the management level, the CISO leads the cybersecurity program and is responsible for assessing and managing cybersecurity risks. Our CISO has expertise and experience in cybersecurity derived from over 15 years of cyber related work experience and possesses several certifications including CISSP, CRISC, and CISA. The CISO is supported by the NiSource

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**ITEM 2. PROPERTIES**

**NiSOURCE INC.**

Enterprise Security team which performs the cybersecurity function and engages directly on the prevention, detection, mitigation, and remediation of cybersecurity incidents.

As of the date of filing this Annual Report on Form 10-K, NiSource is not aware of any material cybersecurity incidents during the past year. NiSource monitors the increasing sophistication of cybersecurity threats and continues to allocate resources to enhance its cybersecurity program to protect its information systems and assets. No cybersecurity program is effective to identify and mitigate all threats and NiSource cannot guarantee that it will be able to prevent all cybersecurity incidents. Such an incident could interrupt our normal operations and require us to incur significant costs to remediate any such incident and could have a material impact on our businesses, operations and financial condition. For more information regarding the risks associated with cybersecurity, refer to "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

**ITEM 2. PROPERTIES**

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2024.

**Columbia Operations**

Refer to Item 1, "Business - Columbia Operations," of this report for further information on Columbia Operations properties.

**NIPSCO Operations**

Refer to Item 1, "Business - NIPSCO Operations," of this report for further information on NIPSCO Operations properties.

**Corporate and Other Operations**

We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

**Character of Ownership**

Our principal properties and our subsidiaries' principal properties are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

**ITEM 3. LEGAL PROCEEDINGS**

For a description of our legal proceedings, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

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## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### NISOURCE INC.

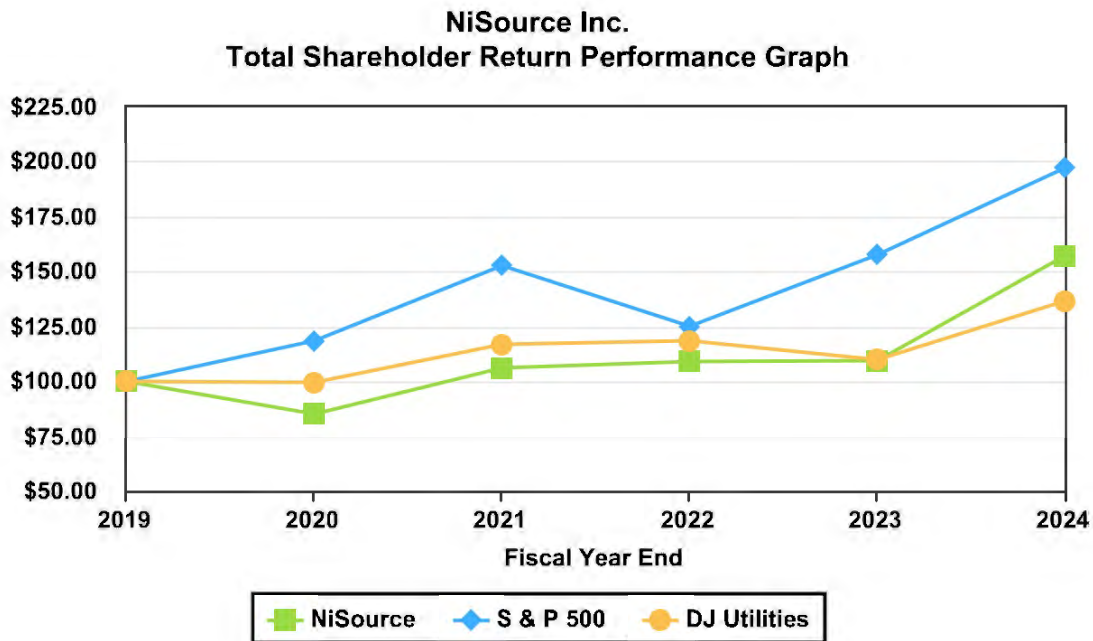
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by the Board out of funds legally available. There is no preferred stock outstanding as of December 31, 2024. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 23, 2025 meeting, the Board declared a quarterly common dividend of \$0.280 per share, payable on February 20, 2025 to holders of record on February 3, 2025.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 5, 2025 NiSource had 14,161 common stockholders of record and 469,939,639 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the period commencing December 31, 2019 and ending December 31, 2024 with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices.



The foregoing performance graph is being furnished as part of this Annual Report on Form 10-K solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of \$100 and assumes dividend reinvestment.

**Purchases of Equity Securities by Issuer and Affiliated Purchasers.** For the three months ended December 31, 2024, no equity securities that are registered by NiSource Inc. pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our affiliated purchasers.

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ITEM 6. RESERVED

**NI**SOURCE INC.

Not applicable.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**NiSOURCE INC.**

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| <a href="#">Summary of Consolidated Financial Results</a> | <a href="#">38</a> |
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**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" and Item 1A, "Risk Factors" at the beginning of this report for a list of factors that may cause results to differ materially. Refer to the "Business" section under Item 1 of this Annual Report on Form 10-K and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for further discussion of our regulated utility business segments.

This Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

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: Columbia Operations and NIPSCO Operations.

Our vision is to be a premier, innovative and trusted energy partner. We exist to deliver safe, reliable energy that drives value to our customers. In order to achieve this goal, we seek to develop strategies that benefit all stakeholders as we (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our focus. Serving as a guiding practice for our SMS, NiSource is certified in conformance to the American Petroleum Institute Recommended Practice 1173, which is the foundation to our journey towards operational excellence.

**2024 Overview:** In 2024, we continued to make significant progress on the remaining portfolio of projects that will enable our electric generation transition, including placing one solar and battery project into service and receiving approval of a new gas peaking facility. During the year, we received orders for three rate cases: Columbia of Pennsylvania, Columbia of Kentucky, and NIPSCO Gas. In addition, the Columbia of Virginia, Columbia of Maryland and NIPSCO Electric rate cases filed in 2024 are anticipated to be resolved during 2025 with balanced outcomes supporting all stakeholders. We continued to build and advance our SMS by successfully maintaining our certification of conformance for API 1173 and achieving LRQA's ISO 50001 certification. Between our Columbia and NIPSCO Operating Segments, we added 21,000 customers. We also invested \$1.5 billion in infrastructure modernization to enhance safe, reliable service, including replacement of 288 miles of distribution main and service lines, 24 miles of underground cable and 1,240 electric poles. We achieved the first major milestone in our Transformation road map and continue to increase the efficiency of our operating companies.

The following describes in more detail the advancements we have made in our key strategic initiatives.

**Energy Transition:** We are advancing our energy transition strategy primarily through the continuation and enhancement of existing programs, such as retiring and replacing remaining coal-fired electric generation by 2028 with a balanced mix of low or zero-emission electric generation and battery storage, ongoing pipe replacement and modernization programs, and deployment of advanced leak detection and repair. Our electric generation transition, initiated through our 2018 Integrated Resource Plan

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NISOURCE INC.**

("2018 Plan") is well underway, and we are continually adjusting to the dynamic energy landscape. As of December 31, we have placed in service owned renewable and storage projects, developed under BTAs, with combined nameplate capacities of 1,065 MW and 45 MW respectively. Renewable PPA projects with a combined nameplate capacity of 600 MW have also been placed in service. In addition, renewable and storage BTA projects with combined nameplate capacities of 1,085 MW and 56 MW, respectively, and renewable PPA projects with a combined nameplate capacity of 600 MW were under development as of December 31, all of which have received IURC approval. The capacity figure for BTA projects in development includes the Templeton Wind project. In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton Wind PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In 2024, the IURC approved full ownership of the Cavalry, Dunns Bridge II, Fairbanks and Gibson and the cost of the Fairbanks project as contemplated in contractual actions. Full ownership of these projects allows NIPSCO to leverage provisions of the IRA, monetize renewable tax credits more effectively, and provide enhanced benefits to customers as compared to the previous tax equity partnership structure approved by the IURC. We remain on track to retire R.M Schahfer's remaining two coal units by the end of 2025. For additional information, see "Results and Discussion of Operations - NIPSCO Operations," in this Management's Discussion.

NIPSCO's 2021 Integrated Resource Plan ("2021 Plan") lays out a timeline to retire the Michigan City Generating Station by the end of 2028. The 2021 Plan calls replacing the retiring coal units with a diverse portfolio of resources including demand side management resources, renewables, stand-alone energy storage and upgrades to existing facilities at the Sugar Creek Generating Station, among other steps. In 2024, Sugar Creek completed an Advanced Gas Path Tech upgrade that will enhance its overall production capabilities. Additionally, the 2021 Plan calls for a new natural gas peaking facility to replace existing vintage gas peaking facilities at the R.M. Schahfer Generating Station to support system reliability and resiliency, and upgrades to the electric transmission system. In October 2024, we received approval for the issuance of a CPCN for an approximately 400 MW natural gas peaking generation facility from the IURC. The planned retirement of the two vintage gas peaking facilities at the R.M. Schahfer Generating Station is also expected to occur by the end of 2028. Final retirement dates for these units, as well as Michigan City, will be subject to MISO approval.

NIPSCO's 2024 Plan was submitted to the IURC on December 9, 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporates factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. We have seen an acceleration of customer interest in our northern Indiana service territory in the form of data center development. We believe data center development can enhance our local tax base, diversify the employment base across the state of Indiana, and provide greater value to existing customers and shareholders. We are evaluating the potential for data center development in our service territory, including ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, while at the same time focusing on our environmental goals. We expect the management of large load growth would require new generation resources, including gas-fired resource, and transmission capabilities. We plan to move as efficiently as possible while maintaining the integrity of our commercial, planning, regulatory, procurement and operational execution processes.

We continue to enhance safety and reduce methane emissions on our gas systems through modernization programs and utilization of advanced leak detection and repair. In addition, we plan to advance other low- or zero-emission energy resources and technologies, such as hydrogen and renewable natural gas.

**Transformation:** Our enterprise-wide transformation roadmap focuses on operational excellence, safety, operation and maintenance management, and unlocking efficiencies. We are committed to identifying and implementing initiatives that will enable us to streamline work and improve processes company-wide. These efforts include investments in proven technologies backed with standardized processes that will change the way we plan, schedule, and execute work in the field and how we engage and provide service to our customers. Taken together, all of our optimization initiatives will prioritize safety and continue to optimize our long-term growth profile. We are making progress towards our transformation goals with a successful completion of the first phase of our WAM program, an enterprise resource planning system that will optimize the scheduling, dispatch, and execution of our field operations. This phase of the program implemented the solution within our electric distribution and transmission operations, while the remaining phases associated with gas distribution and generation operations are anticipated to be completed by the end of 2025.

**Economic Environment:** We continue to monitor risks related to order and delivery lead times for construction and other materials, potential unavailability of materials due to global shortages in raw materials, and decreased construction labor productivity in the event of disruptions in the availability of materials. We continue to see increasing prices associated with certain materials and supplies. To the extent that work plan delays occur or our costs increase, our business operations, results

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NISOURCE INC.**

of operations, cash flows, and financial condition could be materially adversely affected. Refer to Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K for further detail.

We are faced with increased competition for employee and contractor talent in the current labor market which has resulted in increased costs to attract and retain talent. We are ensuring that we use all internal human capital programs (development, leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal for potential recruits. With a focus on workforce planning, we are evaluating our future talent footprint by creating flexible work arrangements where possible to support a broader talent footprint for sourcing needed talent. Refer to Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K for further detail.

The market price of natural gas was stable during 2024 and was very close to levels seen in 2023. Similar to natural gas pricing, electric commodity costs have remained stable due to available supplies of natural gas and coal and the growing influence of renewable generation on power market pricing. Changes in commodity prices do not have a material impact on our results of operations, however higher commodity prices can impact our cash flows and liquidity. For more information on our commodity price impacts, see Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K, "Results and Discussion of Segment Operations - Columbia Operations," "Results and Discussion of Segment Operations - NIPSCO Operations," and "Market Risk Disclosures."

We continue to evaluate our financing plan to manage interest expense and exposure to rates. For more information on interest rate risk, see "Market Risk Disclosures" and Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K.

**NIPSCO Minority Interest Transaction:** On December 31, 2023, contemporaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II, and NiSource entered into an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of NIPSCO Holdings II. On January 31, 2024, BIP transferred a 4.5% equity interest in NIPSCO Holdings II to BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone. Effective upon the closing of this transfer, the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"). The two affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transaction.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSOURCE INC.

**Summary of Consolidated Financial Results**

A summary of our consolidated financial results for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31,<br>(in millions, except per share amounts) | Favorable (Unfavorable) |                |                |               |                |
|--------------------------------------------------------------------|-------------------------|----------------|----------------|---------------|----------------|
|                                                                    | 2024                    | 2023           | 2022           | 2024 vs. 2023 | 2023 vs. 2022  |
| <b>Operating Revenues</b>                                          | \$ 5,455.1              | \$ 5,505.4     | \$ 5,850.6     | \$ (50.3)     | \$ (345.2)     |
| <b>Operating Expenses</b>                                          |                         |                |                |               |                |
| Cost of energy                                                     | 1,132.2                 | 1,533.3        | 2,110.5        | 401.1         | 577.2          |
| Other Operating Expenses                                           | 2,867.4                 | 2,676.6        | 2,474.3        | (190.8)       | (202.3)        |
| <b>Total Operating Expenses</b>                                    | <b>3,999.6</b>          | <b>4,209.9</b> | <b>4,584.8</b> | <b>210.3</b>  | <b>374.9</b>   |
| <b>Operating Income</b>                                            | <b>1,455.5</b>          | <b>1,295.5</b> | <b>1,265.8</b> | <b>160.0</b>  | <b>29.7</b>    |
| Total Other Deductions, Net                                        | (452.7)                 | (481.6)        | (309.4)        | 28.9          | (172.2)        |
| Income Taxes                                                       | 158.1                   | 139.5          | 164.6          | (18.6)        | 25.1           |
| <b>Net Income</b>                                                  | <b>844.7</b>            | <b>674.4</b>   | <b>791.8</b>   | <b>170.3</b>  | <b>(117.4)</b> |
| Net (loss) income attributable to noncontrolling interest          | 84.3                    | (39.9)         | (12.3)         | (124.2)       | 27.6           |
| <b>Net Income attributable to NiSource</b>                         | <b>760.4</b>            | <b>714.3</b>   | <b>804.1</b>   | <b>46.1</b>   | <b>(89.8)</b>  |
| Preferred dividends and redemption premium                         | (20.7)                  | (52.6)         | (55.1)         | 31.9          | 2.5            |
| <b>Net Income Available to Common Shareholders</b>                 | <b>739.7</b>            | <b>661.7</b>   | <b>749.0</b>   | <b>78.0</b>   | <b>(87.3)</b>  |
| Basic Earnings Per Share                                           | \$ 1.63                 | \$ 1.59        | \$ 1.84        | \$ 0.04       | \$ (0.25)      |
| Diluted Earnings Per Share                                         | \$ 1.62                 | \$ 1.48        | \$ 1.70        | \$ 0.14       | \$ (0.22)      |

The majority of the costs 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.

The increase in net income available to common shareholders during 2024 was primarily due to higher revenues, net of cost of energy, driven by our continued investment in safety, reliability and low- or zero-emission generation as well as increased AFUDC, reported in Other Deductions, Net, primarily related to NIPSCO's wholly owned Cavalry and Dunns Bridge II projects. The increase in net income available to common shareholders is partially offset by higher depreciation expense attributed to our planned capital expenditures, higher interest expense and higher net income attributable to noncontrolling interest following the consummation of the NIPSCO Minority Interest Transaction. See Note 6, "Equity," for additional information.

For additional information on operating income variance drivers see "Results and Discussion of Operations" for Columbia Operations and NIPSCO Operations in this Management's Discussion.

**Other Deductions, Net**

The change in Other deductions, net in 2024 compared to 2023 is primarily driven by higher long-term debt interest in 2024 offset by increases in AFUDC. See Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for additional information.

**Income Taxes**

The increase in income tax expense in 2024 compared to the same period in 2023 is primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.



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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NiSOURCE INC.**

**RESULTS AND DISCUSSION OF OPERATIONS**

Presentation of Segment Information

In response to the NIPSCO Minority Interest Transaction, our operations are now evaluated through two primary reportable segments, Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations aggregates the results of NIPSCO Holdings I, and its majority-owned subsidiaries, including NIPSCO, which has both fully regulated gas and electric operations in northern Indiana. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as a reportable segment, are presented as "Corporate and Other" within the Notes to the Consolidated Financial Statements and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NiSOURCE INC.**  
**Columbia Operations**

Financial and operational data for the Columbia Operations segment for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31, (in millions)    | 2024              | 2023              | 2022              | Favorable (Unfavorable) |                   |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|
|                                          |                   |                   |                   | 2024 vs. 2023           | 2023 vs. 2022     |
| <b>Operating Revenues</b>                | \$ 2,716.0        | \$ 2,746.1        | \$ 2,964.4        | \$ (30.1)               | \$ (218.3)        |
| <b>Operating Expenses</b>                |                   |                   |                   |                         |                   |
| Cost of energy                           | 514.7             | 645.0             | 978.4             | 130.3                   | 333.4             |
| Operation and maintenance                | 837.5             | 792.3             | 791.3             | (45.2)                  | (1.0)             |
| Depreciation and amortization            | 409.1             | 371.7             | 329.4             | (37.4)                  | (42.3)            |
| Loss on impairment of assets             | 2.7               | —                 | —                 | (2.7)                   | —                 |
| Loss (gain) on sale of assets, net       | 4.7               | —                 | (103.9)           | (4.7)                   | (103.9)           |
| Other taxes                              | 218.6             | 198.8             | 184.2             | (19.8)                  | (14.6)            |
| <b>Total Operating Expenses</b>          | <b>1,987.3</b>    | <b>2,007.8</b>    | <b>2,179.4</b>    | <b>20.5</b>             | <b>171.6</b>      |
| <b>Operating Income</b>                  | <b>\$ 728.7</b>   | <b>\$ 738.3</b>   | <b>\$ 785.0</b>   | <b>\$ (9.6)</b>         | <b>\$ (46.7)</b>  |
| <b>Revenues</b>                          |                   |                   |                   |                         |                   |
| Residential                              | \$ 1,891.5        | \$ 1,882.8        | \$ 1,918.1        | \$ 8.7                  | \$ (35.3)         |
| Commercial                               | 588.4             | 606.2             | 674.8             | (17.8)                  | (68.6)            |
| Industrial                               | 145.2             | 139.5             | 136.4             | 5.7                     | 3.1               |
| Off-System                               | 42.6              | 60.7              | 192.8             | (18.1)                  | (132.1)           |
| Other                                    | 48.3              | 56.9              | 42.3              | (8.6)                   | 14.6              |
| <b>Total</b>                             | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 2,964.4</b> | <b>\$ (30.1)</b>        | <b>\$ (218.3)</b> |
| <b>Sales and Transportation (MMDth)</b>  |                   |                   |                   |                         |                   |
| Residential                              | 153.2             | 155.2             | 180.2             | (2.0)                   | (25.0)            |
| Commercial                               | 121.8             | 120.4             | 134.3             | 1.4                     | (13.9)            |
| Industrial                               | 277.9             | 255.3             | 243.2             | 22.6                    | 12.1              |
| Off-System                               | 23.8              | 31.8              | 32.3              | (8.0)                   | (0.5)             |
| Other                                    | 0.2               | 0.3               | 0.3               | (0.1)                   | —                 |
| <b>Total</b>                             | <b>576.9</b>      | <b>563.0</b>      | <b>590.3</b>      | <b>13.9</b>             | <b>(27.3)</b>     |
| <b>Heating Degree Days</b>               | <b>4,262</b>      | <b>4,373</b>      | <b>5,195</b>      | <b>(111)</b>            | <b>(822)</b>      |
| <b>Normal Heating Degree Days</b>        | <b>5,134</b>      | <b>5,137</b>      | <b>5,137</b>      | <b>(3)</b>              | <b>—</b>          |
| <b>% (Warmer) Colder than Normal</b>     | <b>(17)%</b>      | <b>(15)%</b>      | <b>1 %</b>        |                         |                   |
| <b>% (Warmer) Colder than Prior Year</b> | <b>(3)%</b>       | <b>(16)%</b>      | <b>8 %</b>        |                         |                   |
| <b>Gas Distribution Customers</b>        |                   |                   |                   |                         |                   |
| Residential                              | 2,225,564         | 2,215,293         | 2,201,999         | 10,271                  | 13,294            |
| Commercial                               | 188,699           | 188,561           | 188,374           | 138                     | 187               |
| Industrial                               | 1,991             | 1,986             | 1,995             | 5                       | (9)               |
| Other                                    | 5                 | 4                 | 3                 | 1                       | 1                 |
| <b>Total</b>                             | <b>2,416,259</b>  | <b>2,405,844</b>  | <b>2,392,371</b>  | <b>10,415</b>           | <b>13,473</b>     |

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**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NiSOURCE INC.  
Columbia Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2024 to 2023 are presented in the respective tables below.

|                                                                                  | <b>Favorable (Unfavorable)</b> |               |
|----------------------------------------------------------------------------------|--------------------------------|---------------|
| <b>Changes in Operating Revenues (in millions)</b>                               | <b>2024 vs 2023</b>            |               |
| New rates from base rate proceedings and regulatory capital programs             | \$                             | 112.5         |
| The effects of customer growth                                                   |                                | 6.2           |
| The effects of customer usage                                                    |                                | 5.9           |
| The effects of weather in 2024 compared to 2023                                  |                                | (5.2)         |
| Other                                                                            |                                | (4.2)         |
| Change in operating revenues (before cost of energy and other tracked items)     | \$                             | 115.2         |
| <b>Operating revenues offset in operating expense</b>                            |                                |               |
| Lower cost of energy billed to customers                                         |                                | (130.3)       |
| Lower tracker recoveries within operation and maintenance, depreciation, and tax |                                | (15.0)        |
| <b>Total change in operating revenues</b>                                        | <b>\$</b>                      | <b>(30.1)</b> |

**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 Columbia 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.

**Throughput**

The increase in total volumes sold and transported in 2024 compared to 2023 of 13.9 MMDth is primarily attributable to the increased industrial usage offset by off-system sales.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NI SOURCE INC.**

**Columbia Operations (continued)**

Commodity Price Impact

Cost of energy for the Columbia Operations segment is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. All of our Columbia Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. These are tracked costs that are passed through directly to the customer, and the gas costs included in revenues are matched with the gas cost expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income. Certain Columbia 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.

|                                                                                   | <b>Favorable (Unfavorable)</b> |             |
|-----------------------------------------------------------------------------------|--------------------------------|-------------|
| <b>Changes in Operating Expenses (in millions)</b>                                | <b>2024 vs 2023</b>            |             |
| Higher employee related expenses                                                  | \$                             | (47.5)      |
| Higher depreciation and amortization expense                                      |                                | (37.4)      |
| Higher property tax                                                               |                                | (17.2)      |
| Loss on sale of assets and impairments                                            |                                | (7.4)       |
| Higher materials and supplies expense                                             |                                | (7.0)       |
| Other                                                                             |                                | (8.3)       |
| Change in operating expenses (before cost of energy and other tracked items)      | \$                             | (124.8)     |
| <b>Operating expenses offset in operating revenue</b>                             |                                |             |
| Lower cost of energy billed to customers                                          |                                | 130.3       |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax |                                | 15.0        |
| <b>Total change in operating expense</b>                                          | <b>\$</b>                      | <b>20.5</b> |

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

NIPSCO Operations

Financial and operational data for the NIPSCO Operations segment, which services both gas and electric customers, for the years ended December 31, 2024, 2023 and 2022, are presented below:

| Year Ended December 31, <i>(in millions)</i> | 2024           | 2023           | 2022           | Favorable (Unfavorable) |               |
|----------------------------------------------|----------------|----------------|----------------|-------------------------|---------------|
|                                              |                |                |                | 2024 vs. 2023           | 2023 vs. 2022 |
| <b>NIPSCO Operations</b>                     |                |                |                |                         |               |
| <b>Operating Revenues</b>                    | \$ 2,752.0     | \$ 2,771.6     | \$ 2,887.1     | \$ (19.6)               | \$ (115.5)    |
| <b>Operating Expenses</b>                    |                |                |                |                         |               |
| Cost of energy                               | 617.5          | 888.3          | 1,132.1        | 270.8                   | 243.8         |
| Operation and maintenance                    | 761.4          | 787.7          | 740.4          | 26.3                    | (47.3)        |
| Depreciation and amortization                | 590.3          | 493.8          | 449.4          | (96.5)                  | (44.4)        |
| Loss on impairment of assets                 | 0.4            | —              | —              | (0.4)                   | —             |
| Loss (gain) on sale of assets, net           | (1.7)          | 2.2            | —              | 3.9                     | (2.2)         |
| Other taxes                                  | 64.3           | 57.9           | 72.1           | (6.4)                   | 14.2          |
| <b>Total Operating Expenses</b>              | <b>2,032.2</b> | <b>2,229.9</b> | <b>2,394.0</b> | <b>197.7</b>            | <b>164.1</b>  |
| <b>Operating Income</b>                      | \$ 719.8       | \$ 541.7       | \$ 493.1       | \$ 178.1                | \$ 48.6       |

| Year Ended December 31, <i>(in millions)</i> | 2024       | 2023       | 2022       | Favorable (Unfavorable) |               |
|----------------------------------------------|------------|------------|------------|-------------------------|---------------|
|                                              |            |            |            | 2024 vs. 2023           | 2023 vs. 2022 |
| <b>NIPSCO Electric</b>                       |            |            |            |                         |               |
| <b>Revenues</b>                              |            |            |            |                         |               |
| Residential                                  | \$ 649.9   | \$ 583.9   | \$ 592.4   | \$ 66.0                 | \$ (8.5)      |
| Commercial                                   | 620.4      | 578.1      | 571.0      | 42.3                    | 7.1           |
| Industrial                                   | 500.0      | 475.0      | 561.4      | 25.0                    | (86.4)        |
| Wholesale                                    | 38.3       | 32.0       | 13.5       | 6.3                     | 18.5          |
| Other                                        | 105.0      | 116.0      | 93.4       | (11.0)                  | 22.6          |
| Total                                        | \$ 1,913.6 | \$ 1,785.0 | \$ 1,831.7 | \$ 128.6                | \$ (46.7)     |
| <b>Sales (GWh)</b>                           |            |            |            |                         |               |
| Residential                                  | 3,404.9    | 3,262.9    | 3,482.9    | 142.0                   | (220.0)       |
| Commercial                                   | 3,697.9    | 3,614.2    | 3,682.4    | 83.7                    | (68.2)        |
| Industrial                                   | 7,984.8    | 7,820.3    | 7,915.3    | 164.5                   | (95.0)        |
| Wholesale                                    | 889.7      | 556.4      | 50.0       | 333.3                   | 506.4         |
| Other                                        | 85.2       | 78.9       | 89.5       | 6.3                     | (10.6)        |
| Total                                        | 16,062.5   | 15,332.7   | 15,220.1   | 729.8                   | 112.6         |
| Cooling Degree Days                          | 903        | 710        | 942        | 193                     | (232)         |
| Normal Cooling Degree Days                   | 852        | 831        | 831        | 21                      | —             |
| % Warmer (Colder) than Normal                | 6 %        | (15)%      | 13 %       |                         |               |
| % Warmer (Colder) than prior year            | 27 %       | (25)%      | (8)%       |                         |               |
| <b>NIPSCO Electric Customers</b>             |            |            |            |                         |               |
| Residential                                  | 430,648    | 427,217    | 424,735    | 3,431                   | 2,482         |
| Commercial                                   | 59,214     | 58,779     | 58,374     | 435                     | 405           |
| Industrial                                   | 2,121      | 2,126      | 2,130      | (5)                     | (4)           |
| Wholesale                                    | 705        | 708        | 710        | (3)                     | (2)           |
| Other                                        | 2          | 3          | 3          | (1)                     | —             |
| Total                                        | 492,690    | 488,833    | 485,952    | 3,857                   | 2,881         |

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NI SOURCE INC.**  
**NIPSCO Operations**

| Year Ended December 31, (in millions)    | 2024     | 2023     | 2022       | Favorable (Unfavorable) |               |
|------------------------------------------|----------|----------|------------|-------------------------|---------------|
|                                          |          |          |            | 2024 vs. 2023           | 2023 vs. 2022 |
| NIPSCO Gas                               |          |          |            |                         |               |
| Revenues                                 |          |          |            |                         |               |
| Residential                              | \$ 540.9 | \$ 634.9 | \$ 691.5   | \$ (94.0)               | \$ (56.6)     |
| Commercial                               | 202.4    | 249.1    | 267.6      | (46.7)                  | (18.5)        |
| Industrial                               | 79.0     | 86.9     | 85.1       | (7.9)                   | 1.8           |
| Other                                    | 16.1     | 15.7     | 11.2       | 0.4                     | 4.5           |
| Total                                    | \$ 838.4 | \$ 986.6 | \$ 1,055.4 | \$ (148.2)              | \$ (68.8)     |
| Sales and Transportation Volumes (MMDth) |          |          |            |                         |               |
| Residential                              | 58.2     | 60.3     | 68.8       | (2.1)                   | (8.5)         |
| Commercial                               | 42.5     | 43.9     | 47.0       | (1.4)                   | (3.1)         |
| Industrial                               | 256.8    | 261.8    | 247.5      | (5.0)                   | 14.3          |
| Total                                    | 357.5    | 366.0    | 363.3      | (8.5)                   | 2.7           |
| Heating Degree Days                      | 4,975    | 5,198    | 6,133      | (223)                   | (935)         |
| Normal Heating Degree Days               | 6,001    | 5,954    | 5,985      | 47                      | (31)          |
| % (Warmer) Colder than Normal            | (17)%    | (13)%    | 2 %        |                         |               |
| % (Warmer) Colder than prior year        | (4)%     | (15)%    | 10 %       |                         |               |
| NIPSCO Gas Customers                     |          |          |            |                         |               |
| Residential                              | 801,740  | 795,656  | 789,914    | 6,084                   | 5,742         |
| Commercial                               | 66,633   | 66,305   | 66,062     | 328                     | 243           |
| Industrial                               | 2,734    | 2,808    | 2,875      | (74)                    | (67)          |
| Total                                    | 871,107  | 864,769  | 858,851    | 6,338                   | 5,918         |

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NI SOURCE INC.**

**NIPSCO Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2024 to 2023 are presented in the respective tables below.

|                                                                                                                                | <b>Favorable (Unfavorable)</b> |               |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------|
|                                                                                                                                | <b>2024 vs 2023</b>            |               |
| <b>Changes in Operating Revenues (in millions)</b>                                                                             |                                |               |
| New rates from base rate proceedings, regulatory capital, and DSM programs                                                     | \$                             | 238.4         |
| Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss) |                                | 17.5          |
| The effects of customer usage                                                                                                  |                                | 11.9          |
| The effects of customer growth                                                                                                 |                                | 11.2          |
| Decreased fuel handling costs                                                                                                  |                                | 9.7           |
| Other                                                                                                                          |                                | (6.2)         |
| <b>Change in operating revenues (before cost of energy and other tracked items)</b>                                            | <b>\$</b>                      | <b>282.5</b>  |
| <b>Operating revenues offset in operating expense</b>                                                                          |                                |               |
| Lower cost of energy billed to customers                                                                                       |                                | (270.8)       |
| Lower tracker deferrals within operation and maintenance, depreciation and tax                                                 |                                | (32.4)        |
| Reduction in gross receipts tax, offset in operating expenses                                                                  |                                | 1.1           |
| <b>Total change in operating revenues</b>                                                                                      | <b>\$</b>                      | <b>(19.6)</b> |

**Weather**

The results of operations for the NIPSCO Operations segment include income from both electric and gas service lines. In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days and normal heating degree days, net of weather normalization mechanisms. Our composite cooling and heating degree days reported do not directly correlate to the weather-related dollar impact on the results of NIPSCO Operations. Cooling and 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 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 cooling and heating degree day comparison.

**Sales**

The increase in total volumes sold to electric customers for twelve months ended December 31, 2024 compared to the same period in 2023 was primarily attributable to increased usage by wholesale, industrial, and residential customers. NIPSCO Electric results remains closely linked to the performance of the steel industry. MWh sales to steel-related industries accounted for approximately 49.4% and 49.6% of the total industrial MWh sales for the years ended December 31, 2024 and 2023, respectively.

The decrease in total volumes sold to gas customers for the twelve months ended December 31, 2024 compared to the same period in 2023 was primarily attributable to decreased usage by industrial customers.

**Commodity Price Impact**

Cost of energy for the NIPSCO Operations segment's electric activities is principally comprised of the cost of coal, natural gas purchased for internal generation of electricity, transportation of coal and natural gas, and the cost of power purchased from generators of electricity for its generation and transmission activities. For its gas distribution activities, NIPSCO Operations' cost of energy is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. NIPSCO Operations has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred costs of energy. The majority of these costs of energy are passed through directly to the customer, and the costs of energy included in operating revenues are matched with the cost of energy expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NiSOURCE INC.**

**NIPSCO Operations (continued)**

as under-recovered or over-recovered fuel and gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

|                                                                                                 | <b>Favorable (Unfavorable)</b> |              |
|-------------------------------------------------------------------------------------------------|--------------------------------|--------------|
| <b>Changes in Operating Expenses (in millions)</b>                                              | <b>2024 vs 2023</b>            |              |
| Higher depreciation and amortization expense driven by new base rates                           | \$                             | (91.1)       |
| Higher employee and administrative expenses                                                     |                                | (21.8)       |
| Higher outside services expenses                                                                |                                | (8.6)        |
| Higher environmental remediation costs                                                          |                                | (4.7)        |
| Lower materials and supplies                                                                    |                                | 8.9          |
| Renewable Joint Venture operating expense, partially offset by Joint Venture operating revenues |                                | 7.6          |
| Other                                                                                           |                                | 5.3          |
| Change in operating expenses (before cost of energy and other tracked items)                    | \$                             | (104.4)      |
| <b>Operating expenses offset in operating revenue</b>                                           |                                |              |
| Lower cost of energy billed to customers                                                        |                                | 270.8        |
| Higher tracker deferrals within operation and maintenance, depreciation and tax                 |                                | 32.4         |
| Reduction in gross receipts tax, offset in operating revenues                                   |                                | (1.1)        |
| <b>Total change in operating expense</b>                                                        | <b>\$</b>                      | <b>197.7</b> |

**Electric Supply and Generation Transition**

NIPSCO continues to execute on an electric generation transition consistent with the 2018 Plan and 2021 Plan and maintained in the 2024 Plan, which outlines the path to retire the remaining two coal units at R.M. Schahfer by the end of 2025 and the remaining coal-fired generation at Michigan City by the end of 2028, to be replaced by lower-cost, reliable and cleaner options. See "Liquidity and Capital Resources" in this Management's Discussion for additional information on our capital investment spend.

NIPSCO continues to await EPA decision on an administrative approval associated with the operation of R.M. Schahfer's remaining two coal units, which are expected to be retired by the end of 2025. In the event that the approval is not obtained, future operations could be impacted. We cannot estimate the financial impact on us if this approval is not obtained. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

The current replacement plan primarily includes renewable sources of energy, including wind, solar, battery storage, and flexible natural gas resources to be obtained through a combination of NIPSCO ownership and PPAs. NIPSCO has sold, and may in the future sell, renewable energy credits from its renewable generation to third parties to offset customer costs. 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.

Since 2020, two wind PPA projects and six owned projects (two wind, two solar and two solar plus storage) have been placed into service totaling 2,201 MW of nameplate capacity, including Dunns Bridge II which was placed into service in January 2025. NIPSCO has executed commercial agreements for each of the six remaining identified projects. Fairbanks, Gibson, Green River, Appleseed and Carpenter have received IURC approval. The Templeton Wind project previously received approval as a PPA, however, NIPSCO has contracted with a developer to convert the PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In January 2024, the IURC approved increases to the project costs as well as the full ownership of Cavalry and Dunns Bridge II. In August 2024, the IURC approved full ownership of Gibson and Fairbanks as well as increases to the cost of the Fairbanks project. In October 2024, the IURC approved the CPCN for NIPSCO's planned gas peaking facility to be located at the R.M. Schahfer Generating Station. See "Executive Summary - Energy Transition" in this Management's



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**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NiSOURCE INC.  
NIPSCO Operations (continued)**

Discussion for additional information. We expect our remaining contracted BTA and PPA projects to be placed in service between 2025 and 2027.

| Remaining Renewables Projects | Transaction Type   | Technology | Nameplate Capacity (MW) | Storage Capacity (MW) |
|-------------------------------|--------------------|------------|-------------------------|-----------------------|
| Fairbanks                     | BTA                | Solar      | 250                     | —                     |
| Gibson                        | BTA                | Solar      | 200                     | —                     |
| Templeton                     | BTA <sup>(1)</sup> | Wind       | 200                     | —                     |
| Green River                   | 20 year PPA        | Solar      | 200                     | —                     |
| Appleseed                     | 20 year PPA        | Solar      | 200                     | —                     |
| Carpenter                     | 20 year PPA        | Wind       | 200                     | —                     |

<sup>(1)</sup> Pending regulatory approval.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**NiSOURCE INC.**

**Liquidity and Capital Resources**

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 \$1.85 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. Sources of financing activities for the current year are as follows:

- On December 31, 2023, we consummated the NIPSCO Minority Interest Transaction in exchange for a capital contribution of \$2.16 billion in cash.
- On January 3, 2024, we applied the proceeds from the NIPSCO Minority Interest Transaction and repaid in full our \$1.0 billion term credit agreement and our \$650.0 million term credit agreement.
- On February 22, 2024, we entered into an ATM equity program that provides an opportunity to issue and sell shares of our common stock up to an aggregate issuance of \$900.0 million through December 31, 2025. As of December 31, 2024, the ATM program had approximately \$297.7 million of equity available for issuance.
- On March 14, 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.
- On March 15, 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total.
- On May 16, 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs.
- On June 24, 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- On September 9, 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs.

See Note 4, "Noncontrolling Interests," Note 6, "Equity," Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for more information.

We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2025 and beyond.

Operating Activities

Net cash from operating activities for the year ended December 31, 2024 was \$1,781.5 million, a decrease of \$153.6 million from 2023. This decrease in cash from operating activities was primarily driven by year over year change in accounts receivable collections and exchange gas receivables due to the impact of lower gas prices, offset by a year over year increase in revenue, net of cost of energy and higher accounts payables due to increased gas purchases.

Investing Activities

Net cash used for investing activities for the year ended December 31, 2024 was \$3,213.0 million, a decrease of \$358.6 million from 2023. Lower current year investing activities were primarily driven by lower milestone payments to renewable generation asset developers for certain of our BTA projects in 2024 compared to 2023.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

**Capital Expenditures.** The table below reflects actual capital expenditures and certain other investing activities by segment for 2024.

|                                                             | <b>Actual</b> |
|-------------------------------------------------------------|---------------|
| <i>(in millions)</i>                                        | <b>2024</b>   |
| Columbia Operations                                         |               |
| System Growth and Tracker                                   | \$ 923.0      |
| Maintenance                                                 | 286.0         |
| Total Columbia Operations                                   | 1,209.0       |
| NIPSCO Operations                                           |               |
| System Growth and Tracker                                   | 754.0         |
| Maintenance                                                 | 492.0         |
| Generation Transition Investments                           | 1,006.4       |
| Total NIPSCO Operations                                     | 2,252.4       |
| Corporate and Other Operations - Maintenance <sup>(1)</sup> | 231.1         |
| Total Capital Expenditures <sup>(2)</sup>                   | \$ 3,692.5    |

<sup>(1)</sup> Certain amounts may subsequently be allocated out of Corporate and Other Maintenance Costs to the Columbia Operations and NIPSCO Operations segments when placed in service.

<sup>(2)</sup> Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.

In addition to these capital expenditures, we made \$29.0 million of advanced deposits for project costs related to the construction of the R.M. Schahfer gas peaker as part of our generation transition and invested \$65.7 million in deferred cloud computing costs in 2024. We also made \$454.2 million of capital investments in the form of milestone payments to the renewable generation asset developers in 2023 that were recognized in capital expenditures in 2024.

We expect to make capital investments totaling approximately \$19.4 billion during the 2025-2029 period related to infrastructure modernization, generation transition and customer growth. This forecast incorporates an estimated \$1.6 billion of additional investment in renewable generation projects.

| <i>(in billions)</i> | <b>2024 Actual</b> | <b>2025 Estimated</b> | <b>2026 Estimated</b> | <b>2027 Estimated</b> | <b>2028 Estimated</b> | <b>2029 Estimated</b> |
|----------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital Investments  | \$3.3              | \$4.0 - 4.3           | \$3.4 - 3.7           | \$3.6 - 3.9           | \$3.7 - 4.0           | \$3.8 - 4.1           |

**Regulatory Capital Programs.** We are in the process of upgrading and modernizing our electric system to enhance safety and reliability by addressing aged infrastructure and deploying advanced grid technologies. We are also upgrading and modernizing our gas infrastructure to enhance safety and reliability by reducing leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2024, we continued 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.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally mandated compliance investments:

(in millions)

| Company                                          | Program          | Capital Investment | Investment Period | Filing Date | Costs Covered <sup>(1)</sup>                                                                                                                                                                           |
|--------------------------------------------------|------------------|--------------------|-------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Approved</b>                                  |                  |                    |                   |             |                                                                                                                                                                                                        |
| Columbia of Pennsylvania <sup>(2)</sup>          | DSIC - Q4 2024   | \$ 180.1           | 2/24-8/24         | 9/20/2024   | Eligible project costs including piping, couplings, gas service lines, excess flow valves, risers, meter bars, meters, and other related capitalized investments to improve the distribution system.   |
| Columbia of Ohio                                 | IRP - 2024       | \$ 753.5           | 4/21-12/23        | 2/26/2024   | Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.                                                                                                  |
| Columbia of Ohio                                 | PHMSA IRP - 2024 | \$ 14.6            | 1/23-12/23        | 2/28/2024   | Investments necessary to comply with the PHMSA Mega Rule.                                                                                                                                              |
| Columbia of Ohio                                 | CEP - 2024       | \$ 763.3           | 4/21-12/23        | 2/26/2024   | Assets not included in the IRP or PHMSA IRP.                                                                                                                                                           |
| Columbia of Virginia                             | SAVE - 2025      | \$ 89.0            | 10/24-12/25       | 8/15/2024   | Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions. Includes costs associated with Advanced Leak Detection and Repair. |
| Columbia of Kentucky                             | SMRP - 2024      | \$ 81.9            | 1/23-12/24        | 10/13/2023  | Replacement of mains and inclusion of system safety investments.                                                                                                                                       |
| NIPSCO - Electric                                | TDSIC - 5        | \$ 346.9           | 7/22-3/24         | 5/28/2024   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Gas                                     | TDSIC - 8        | \$ 8.3             | 1/23-2/24         | 4/30/2024   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Gas                                     | FMCA - 3         | \$ 27.0            | 1/23-6/24         | 8/27/2024   | Project costs to comply with federal mandates.                                                                                                                                                         |
| <b>Pending Commission Approval<sup>(3)</sup></b> |                  |                    |                   |             |                                                                                                                                                                                                        |
| Columbia of Kentucky <sup>(4)</sup>              | SMRP - 2025      | \$ 128.5           | 1/23-12/25        | 10/15/2024  | Replacement of mains and inclusion of system safety investments.                                                                                                                                       |
| NIPSCO - Electric                                | TDSIC - 6        | \$ 555.0           | 7/22-9/24         | 11/26/2024  | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                           |
| NIPSCO - Electric <sup>(5)</sup>                 | GCT - 1          | \$ 149.9           | 9/23-10/25        | 12/16/2024  | New gas peaker generation project costs forecasted through the requested billing period May – Oct. 2025.                                                                                               |

<sup>(1)</sup>Programs do not include any costs already included in base rates.

<sup>(2)</sup>Rate decreased to zero on December 14, 2024 with the implementation of new base rates resulting from Columbia of Pennsylvania's 2024 Rate Case.

<sup>(3)</sup>On July 30, 2024, CMD filed an application for approval of a new five-year STRIDE. On December 30, 2024, the filing was withdrawn.

<sup>(4)</sup>Rates went into effect January 2, 2025, subject to refund.

<sup>(5)</sup>Capital investment is based off of a projected amount. The capital investment has not all been incurred to date and represents a forecasted average for the billing period.

Refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a further discussion of regulatory developments during 2024.

**Financing Activities**

**Common Stock, Preferred Stock and Equity Unit Sale.** Refer to Note 6, "Equity," in the Notes to Consolidated Financial Statements for information on common stock, preferred stock and equity units activity.

**Short-term Debt.** Refer to Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

**Long-term Debt.** Refer to Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

**Non-controlling Interest.** Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NiSOURCE INC.**

**Sources of Liquidity**

The following table displays our liquidity position as of December 31, 2024 and 2023:

| Year Ended December 31, (in millions)               | 2024              | 2023              |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Current Liquidity</b>                            |                   |                   |
| Revolving Credit Facility                           | \$ 1,850.0        | \$ 1,850.0        |
| Accounts Receivable Programs <sup>(1)</sup>         | 175.0             | 383.9             |
| <b>Less:</b>                                        |                   |                   |
| Commercial Paper                                    | 604.6             | 1,061.0           |
| Accounts Receivable Programs Utilized               | —                 | 337.6             |
| Letters of Credit Outstanding Under Credit Facility | 9.4               | 9.9               |
| <b>Add:</b>                                         |                   |                   |
| Cash and Cash Equivalents                           | 156.6             | 2,245.4           |
| <b>Net Available Liquidity</b>                      | <b>\$ 1,567.6</b> | <b>\$ 3,070.8</b> |

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

**Debt Covenants.** We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

**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 NIPSCO's credit ratings and ratings outlook as of December 31, 2024. There have been no changes to our credit ratings or outlooks since February 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  |
| 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 ratings or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2024, a collateral requirement of approximately \$115.5 million would be required in the event of a downgrade below investment grade. 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 770,000,000 shares, \$0.01 par value, of which 750,000,000 are common stock and 20,000,000 are preferred stock. As of December 31, 2024, 469,822,472 shares of common stock were outstanding. For more information regarding our common and preferred stock, see Note 6, "Equity," in the Notes to Consolidated Financial Statements.

**Contractual Obligations, Cash Requirements and Off-Balance Sheet Arrangements**

We have certain contractual obligations requiring payments at specified periods. Our material cash requirements are detailed below. We intend to use funds from the liquidity sources referenced above to meet these cash requirements.

At December 31, 2024, we had \$13,355.7 million in long-term debt, of which \$1,281.2 million is current and \$604.6 million in short-term borrowings outstanding.

During 2025 and 2026, we expect to make cash payments of \$685.5 million and \$631.2 million, respectively, related to pipeline service obligations including demand for gas transportation, gas storage and gas purchases, and \$140.5 million and \$24.9 million, respectively, for long lead time items related to plant equipment purchases.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

Our expected payments include employer contributions to pension and other postretirement benefits plans expected to be made in 2025. Plan contributions beyond 2025 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2025, we expect to make contributions of approximately \$2.3 million to our pension plans and approximately \$21.3 million to our postretirement medical and life plans. Refer to Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to certain of our long-term obligations classified as "Total Other Liabilities" on the Consolidated Balance Sheets.

We have uncertain income tax positions for which we are unable to predict when the matters will be resolved. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to Consolidated Financial Statements for additional information.

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

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information regarding our contractual obligations over the next 5 years and thereafter and our off-balance sheet 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**

Our gas and electric subsidiaries have commodity price risk primarily related to the purchases of 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 and does not bear significant exposure to earnings risk, since our current regulatory mechanisms allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. These changes are included in the GCA and FAC regulatory rate-recovery mechanisms. If these mechanisms were to be adjusted or eliminated, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. For additional information, see "Results and Discussion of Operations" in this Management's Discussion.

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 13, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2024 and 2023.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

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, and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$7.9 million and \$18.9 million for 2024 and 2023, 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 long-term debt issuances. From time to time, we may enter into forward interest rate instruments to lock in long term interest costs and/ or rates.

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 Management Policy which establishes guidelines for documenting management approval levels for credit limits, evaluating 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.

The financial status of our banking partners is periodically assessed through traditional credit ratings provided by major credit rating agencies.

**Other Information**

Critical Accounting Estimates

We apply certain accounting policies in accordance with GAAP, which require that we make estimates and judgments that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe the following represent the more significant items requiring the use of judgment in preparing our Consolidated Financial Statements:

***Basis of Accounting for Rate-Regulated Subsidiaries.*** ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be billed and collected. Accordingly, certain expenses and credits subject to utility regulation or rate determination normally reflected in income may be deferred on the Consolidated Balance Sheets and recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. For additional information, refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. If we determine that the amounts included as regulatory assets are no longer probable of recovery, a charge to income would immediately be required to the extent of the unrecoverable amounts.



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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

One of the more significant items recorded through the application of this accounting guidance is the regulatory overlay for JV accounting. The application of HLBV to consolidated VIEs generally results in the recognition of profit from the related JVs over a time frame that is different from when the regulatory return is earned. In accordance with the principles of ASC 980, we have recognized a regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. For additional information, refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," in the Notes to Consolidated Financial Statements.

**Pension and Postretirement Benefits.** We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. For measurement of 2024 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.02% and 7.06% for our pension and other postretirement benefit plan assets, respectively. For measurement of 2025 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.30% and 7.09 % respectively, for our pension and other postretirement benefit plan assets.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We utilize a full yield curve approach to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements.

Typically, we use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations. We adopted Aon's U.S. Endemic Mortality Improvement scale MP-2021, accounting for both the near-term and long-term COVID-19 impacts.



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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).**

**NI SOURCE INC.**

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

| Change in Assumptions ( <i>in millions</i> ) | Impact on December 31, 2024 Projected Benefit Obligation<br>Increase/(Decrease) |                               |
|----------------------------------------------|---------------------------------------------------------------------------------|-------------------------------|
|                                              | Pension Benefits                                                                | Other Postretirement Benefits |
| +50 basis points change in discount rate     | \$ (44.9)                                                                       | \$ (18.8)                     |
| -50 basis points change in discount rate     | 48.2                                                                            | 20.4                          |

| Change in Assumptions ( <i>in millions</i> )                                | Impact on 2024 Expense Increase/(Decrease) <sup>(1)</sup> |                               |
|-----------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
|                                                                             | Pension Benefits                                          | Other Postretirement Benefits |
| +50 basis points change in discount rate                                    | \$ (1.6)                                                  | \$ 0.3                        |
| -50 basis points change in discount rate                                    | 1.6                                                       | 0.4                           |
| +50 basis points change in expected long-term rate of return on plan assets | (6.8)                                                     | (1.2)                         |
| -50 basis points change in expected long-term rate of return on plan assets | 6.8                                                       | 1.2                           |

<sup>(1)</sup>Before labor capitalization and regulatory deferrals.

**Goodwill and Other Intangible Assets.** We have six goodwill reporting units, comprised of the six state operating companies within both the Columbia Operations and NIPSCO Operations reportable segments. Our goodwill assets at December 31, 2024 were \$1,485.9 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2024. A quantitative ("step 1") test was completed on May 1, 2024 for all reporting units. Consistent with our historical impairment testing of goodwill, fair value of the reporting units was determined based on a weighting of income and market approaches. These approaches require significant judgments including appropriate long-term growth rates and discount rates for the income approach and appropriate multiples of earnings for peer companies and control premiums for the market approach. The discount rates were derived using peer company data compiled with the assistance of a third party valuation services firm. The discount rates used are subject to change based on changes in tax rates at both the state and federal level, debt and equity ratios at each reporting unit, U.S. Treasury interest rates and general economic conditions. The long-term growth rate was derived by evaluating historic growth rates, new business and investment opportunities beyond the near term horizon. The long-term growth rate is subject to change depending on inflationary impacts to the U.S. economy and the individual business environments in which each reporting unit operates. The Step 1 analysis performed indicated that the fair value of each of the reporting units exceeds their carrying value. As a result, no impairment charges were recorded. See Note 10, "Goodwill," in the Notes to Consolidated Financial Statements for information regarding our 2024 analyses and assumptions.

**Unbilled Revenue.** We record utility operating revenues when energy is delivered to our customers. However, the determination of energy sales to individual customers is based upon the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and corresponding unbilled revenues are calculated. This unbilled revenue is estimated each month based upon historical usage, customer rates and weather. As of December 31, 2024, we recorded \$408.1 million of customer accounts receivable for unbilled revenue. Significant fluctuations in energy demand for the unbilled period or changes in the composition of customer classes could impact the accuracy of the unbilled revenue estimate. Refer to Note 3, "Revenue Recognition," in the Notes to Consolidated Financial Statements for additional information regarding our significant judgments and estimates related to unbilled revenue recognition.

**Income Taxes.** The consolidated income tax provision and deferred income tax assets and liabilities, as well as any unrecognized tax benefits and valuation allowances, require use of estimates and significant management judgement. Although we believe that current estimates for deferred tax assets and liabilities are reasonable, actual results could differ from these estimates for a variety of reasons, including reasonable projections of taxable income, the ability and intent to implement tax planning strategies if necessary, and interpretations of applicable tax laws and regulations across multiple taxing jurisdictions.

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**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NI SOURCE INC.**

Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

We account for uncertain income tax positions using a benefit recognition model with a two-step approach including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. We evaluate each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of tax benefits to be recorded in the consolidated financial statements. At December 31, 2024 and 2023, we had \$21.7 million of unrecognized tax benefits. Changes in these unrecognized tax benefits may result from remeasurement of amounts expected to be realized, settlements with tax authorities and expiration of statutes of limitations.

On a quarterly basis, we evaluate our deferred tax assets by considering current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. Failure to achieve forecasted taxable income or successfully implement tax planning strategies may affect the realization of deferred tax assets. We establish a valuation allowance when we conclude it is more likely than not that all, or a portion, of a deferred tax asset will not be realized in future periods. Significant judgment is required to determine the amount of tax benefits expected to be realized. At December 31, 2024 and 2023, we had established \$6.4 million and \$6.4 million, respectively, of valuation allowances (net of federal benefit) related to certain state net operating loss carryforwards. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information.

**Recently Issued Accounting Pronouncements**

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**NI SOURCE INC.**

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Inc.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Regulatory Matters - Impact of Rate Regulation on the Financial Statements – Refer to Notes 1, 9, and 12 to the financial statements***

***Critical Audit Matter Description***

The Company's primary subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NISOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company's subsidiaries' rates are determined and approved in regulatory proceedings based on an analysis of the subsidiaries' costs to provide utility service and a return on, and recovery of, the subsidiaries' investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The respective commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the commission in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the commission will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified the impact of rate regulation, specifically certain regulatory assets and liabilities at the Company's Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc. subsidiaries, as a critical audit matter due to the significant judgments made by management to support its assertions about certain account balances and the significant degree of subjectivity involved in assessing the likelihood of recovery of incurred costs in current or future rates due in part to uncertainty related to future decisions by the rate regulators. This required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities and a significant degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's conclusions.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation related to the uncertainty of future decisions by the rate regulators, specifically the Indiana Utility Regulatory Commission (IURC) and the Public Utility Commission of Ohio (PUCO), included the following, among others:

- We tested the effectiveness of management's controls over (1) the evaluation of the likelihood of (a) the recovery of costs deferred as regulatory assets in future periods, and (b) regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates; and (2) the evaluation of Hypothetical Liquidation Book Value (HLBV) accounting for the company's Renewable Joint Ventures and its impact on the Company's regulatory liability.
- We evaluated Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc.'s disclosures related to the financial statement impacts of rate regulation.
- We read relevant regulatory orders issued by the IURC and the PUCO, including regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or a future reduction in rates based on precedents of the commissions' treatment of similar costs under similar circumstances. We evaluated this external information and compared to management's recorded regulatory asset and liability balances for completeness, including the implementation of new rate orders at Northern Indiana Public Service Company LLC's gas business.
- We inspected minutes of the boards of directors for discussions of changes in legal, regulatory, or business factors which could impact management's conclusions with respect to the financial statement impacts of rate regulation.
- For the Northern Indiana Public Service Company LLC electric base rate case proceeding that is in-process, we inspected the Company's and intervenors' filings with the commission that may impact the Company's future rates, for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned with an emphasis on the generation strategy related to Northern Indiana Public Service Company LLC's R.M. Schahfer and Michigan City Generating Stations. We inspected minutes of the board of directors and regulatory orders and other filings with the IURC to identify evidence that may contradict management's assertion regarding probability of an abandonment.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

**NI SOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

- We read the relevant regulatory orders issued by the IURC for the Company's renewable energy investments. We evaluated the appropriateness of recognizing a regulatory liability representing timing differences between the profit allocated under the HLBV method related to the consolidated joint ventures and the allowed earnings included in regulatory rates. We also evaluated the appropriateness of the offset to the regulatory liability recorded in depreciation expense.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 12, 2025

We have served as the Company's auditor since 2002.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSOURCE INC.**  
**STATEMENTS OF CONSOLIDATED INCOME**

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2024       | 2023       | 2022       |
|------------------------------------------------------------------------|------------|------------|------------|
| <b>Operating Revenues</b>                                              |            |            |            |
| Customer revenues                                                      | \$ 5,282.9 | \$ 5,347.8 | \$ 5,738.6 |
| Other revenues                                                         | 172.2      | 157.6      | 112.0      |
| Total Operating Revenues                                               | 5,455.1    | 5,505.4    | 5,850.6    |
| <b>Operating Expenses</b>                                              |            |            |            |
| Cost of energy                                                         | 1,132.2    | 1,533.3    | 2,110.5    |
| Operation and maintenance                                              | 1,515.2    | 1,494.9    | 1,489.4    |
| Depreciation and amortization                                          | 1,043.2    | 908.2      | 820.8      |
| Loss on impairment of assets                                           | 6.1        | —          | —          |
| Loss (gain) on sale of assets, net                                     | 2.9        | 2.9        | (104.2)    |
| Other taxes                                                            | 300.0      | 270.6      | 268.3      |
| Total Operating Expenses                                               | 3,999.6    | 4,209.9    | 4,584.8    |
| <b>Operating Income</b>                                                | 1,455.5    | 1,295.5    | 1,265.8    |
| <b>Other Income (Deductions)</b>                                       |            |            |            |
| Interest expense, net                                                  | (517.2)    | (489.6)    | (361.6)    |
| Other, net                                                             | 64.5       | 8.0        | 52.2       |
| Total Other Deductions, Net                                            | (452.7)    | (481.6)    | (309.4)    |
| <b>Income before Income Taxes</b>                                      | 1,002.8    | 813.9      | 956.4      |
| <b>Income Taxes</b>                                                    | 158.1      | 139.5      | 164.6      |
| <b>Net Income</b>                                                      | 844.7      | 674.4      | 791.8      |
| Net income (loss) attributable to noncontrolling interest              | 84.3       | (39.9)     | (12.3)     |
| <b>Net Income attributable to NiSource</b>                             | 760.4      | 714.3      | 804.1      |
| Preferred dividends                                                    | (6.7)      | (42.8)     | (55.1)     |
| Preferred redemption premium                                           | (14.0)     | (9.8)      | —          |
| <b>Net Income Available to Common Shareholders</b>                     | \$ 739.7   | \$ 661.7   | \$ 749.0   |
| <b>Earnings Per Share</b>                                              |            |            |            |
| Basic Earnings Per Share                                               | \$ 1.63    | \$ 1.59    | \$ 1.84    |
| Diluted Earnings Per Share                                             | \$ 1.62    | \$ 1.48    | \$ 1.70    |
| <b>Basic Average Common Shares Outstanding</b>                         | 454.2      | 416.1      | 407.1      |
| <b>Diluted Average Common Shares</b>                                   | 456.0      | 447.9      | 442.7      |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**NiSOURCE INC.**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

| Year Ended December 31, <i>(in millions, net of taxes)</i>                 | 2024            | 2023            | 2022            |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Net Income                                                                 | \$ 844.7        | \$ 674.4        | \$ 791.8        |
| Other comprehensive income:                                                |                 |                 |                 |
| Net unrealized gain (loss) on available-for-sale securities <sup>(1)</sup> | 3.3             | 3.9             | (13.3)          |
| Net unrealized (loss) gain on cash flow hedges <sup>(2)</sup>              | (0.4)           | (0.2)           | 109.9           |
| Unrecognized pension and OPEB benefit (costs) <sup>(3)</sup>               | 0.3             | (0.2)           | (6.9)           |
| Total other comprehensive income                                           | 3.2             | 3.5             | 89.7            |
| <b>Total Comprehensive Income</b>                                          | <b>\$ 847.9</b> | <b>\$ 677.9</b> | <b>\$ 881.5</b> |

<sup>(1)</sup> Net unrealized gain (loss) on available-for-sale securities, net of \$0.9 million tax expense, \$1.0 million tax expense and \$3.5 million tax benefit in 2024, 2023 and 2022, respectively.

<sup>(2)</sup> Net unrealized (loss) gain on derivatives qualifying as cash flow hedges, net of \$0.1 million tax benefit, \$0.1 million tax benefit and \$36.4 million tax expense in 2024, 2023 and 2022, respectively.

<sup>(3)</sup> Unrecognized pension and OPEB benefit (costs), net of \$0.3 million tax expense, \$0.1 million tax benefit and \$2.3 million tax benefit in 2024, 2023 and 2022, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

NiSOURCE INC.  
CONSOLIDATED BALANCE SHEETS

| <i>(in millions)</i>                                                                                                                    | December 31,<br>2024 | December 31, 2023  |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
| <b>ASSETS</b>                                                                                                                           |                      |                    |
| <b>Property, Plant and Equipment</b>                                                                                                    |                      |                    |
| Plant                                                                                                                                   | \$ 34,152.9          | \$ 30,482.1        |
| Accumulated depreciation and amortization                                                                                               | (8,699.0)            | (8,207.2)          |
| Net Property, Plant and Equipment <sup>(1)</sup>                                                                                        | 25,453.9             | 22,274.9           |
| <b>Investments and Other Assets</b>                                                                                                     |                      |                    |
| Unconsolidated affiliates                                                                                                               | 6.5                  | 5.3                |
| Available-for-sale debt securities (amortized cost of \$91.9 and \$169.0, allowance for credit losses of \$0.1 and \$0.6, respectively) | 86.7                 | 159.1              |
| Other investments                                                                                                                       | 85.5                 | 82.7               |
| Total Investments and Other Assets                                                                                                      | 178.7                | 247.1              |
| <b>Current Assets</b>                                                                                                                   |                      |                    |
| Cash and cash equivalents                                                                                                               | 156.6                | 2,245.4            |
| Restricted cash                                                                                                                         | 42.0                 | 35.7               |
| Accounts receivable                                                                                                                     | 987.9                | 884.9              |
| Allowance for credit losses                                                                                                             | (23.7)               | (22.9)             |
| Accounts receivable, net                                                                                                                | 964.2                | 862.0              |
| Gas storage                                                                                                                             | 179.6                | 265.8              |
| Materials and supplies, at average cost                                                                                                 | 173.3                | 172.1              |
| Electric production fuel, at average cost                                                                                               | 36.2                 | 65.3               |
| Exchange gas receivable                                                                                                                 | 45.7                 | 66.0               |
| Regulatory assets                                                                                                                       | 319.9                | 214.3              |
| Deposits to renewable generation asset developer                                                                                        | —                    | 454.2              |
| Prepayments                                                                                                                             | 138.5                | 105.5              |
| Other current assets                                                                                                                    | 24.2                 | 13.1               |
| Total Current Assets <sup>(1)</sup>                                                                                                     | 2,080.2              | 4,499.4            |
| <b>Other Assets</b>                                                                                                                     |                      |                    |
| Regulatory assets                                                                                                                       | 2,157.4              | 2,245.9            |
| Goodwill                                                                                                                                | 1,485.9              | 1,485.9            |
| Deferred charges and other                                                                                                              | 432.0                | 324.0              |
| Total Other Assets                                                                                                                      | 4,075.3              | 4,055.8            |
| <b>Total Assets</b>                                                                                                                     | <b>\$ 31,788.1</b>   | <b>\$ 31,077.2</b> |

<sup>(1)</sup>Includes \$1,323.8 million and \$1,369.8 million in 2024 and 2023, respectively, of net property, plant and equipment assets, \$65.0 million and \$63.6 million in 2024 and 2023, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
CONSOLIDATED BALANCE SHEETS

| (in millions, except share amounts)                                                                                          |    | December 31,<br>2024 | December 31, 2023 |
|------------------------------------------------------------------------------------------------------------------------------|----|----------------------|-------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                        |    |                      |                   |
| <b>Capitalization</b>                                                                                                        |    |                      |                   |
| Stockholders' Equity                                                                                                         |    |                      |                   |
| Common stock - \$0.01 par value, 750,000,000 shares authorized; 469,822,472 and 447,381,671 shares outstanding, respectively | \$ | 4.7                  | \$ 4.5            |
| Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 0 and 40,000 shares outstanding, respectively              |    | —                    | 486.1             |
| Treasury stock                                                                                                               |    | (99.9)               | (99.9)            |
| Additional paid-in capital                                                                                                   |    | 9,521.5              | 8,879.5           |
| Retained deficit                                                                                                             |    | (711.7)              | (967.0)           |
| Accumulated other comprehensive loss                                                                                         |    | (30.4)               | (33.6)            |
| Total NiSource Stockholders' Equity                                                                                          |    | 8,684.2              | 8,269.6           |
| Noncontrolling interest in consolidated subsidiaries                                                                         |    | 1,984.1              | 1,866.7           |
| Total Stockholders' Equity                                                                                                   |    | 10,668.3             | 10,136.3          |
| Long-term debt, excluding amounts due within one year                                                                        |    | 12,074.5             | 11,055.5          |
| Total Capitalization                                                                                                         |    | 22,742.8             | 21,191.8          |
| <b>Current Liabilities</b>                                                                                                   |    |                      |                   |
| Current portion of long-term debt                                                                                            |    | 1,281.2              | 23.8              |
| Short-term borrowings                                                                                                        |    | 604.6                | 3,048.6           |
| Accounts payable                                                                                                             |    | 863.1                | 749.4             |
| Customer deposits and credits                                                                                                |    | 268.8                | 294.4             |
| Taxes accrued                                                                                                                |    | 173.4                | 166.2             |
| Interest accrued                                                                                                             |    | 157.0                | 136.1             |
| Asset retirement obligations                                                                                                 |    | 84.6                 | 72.5              |
| Exchange gas payable                                                                                                         |    | 91.8                 | 50.5              |
| Regulatory liabilities                                                                                                       |    | 150.5                | 278.6             |
| Accrued compensation and employee benefits                                                                                   |    | 268.2                | 227.6             |
| Other accruals                                                                                                               |    | 170.2                | 217.4             |
| Total Current Liabilities <sup>(1)</sup>                                                                                     |    | 4,113.4              | 5,265.1           |
| <b>Other Liabilities</b>                                                                                                     |    |                      |                   |
| Deferred income taxes                                                                                                        |    | 2,281.6              | 2,080.4           |
| Accrued liability for postretirement and postemployment benefits                                                             |    | 207.5                | 250.1             |
| Regulatory liabilities                                                                                                       |    | 1,431.2              | 1,510.7           |
| Asset retirement obligations                                                                                                 |    | 698.6                | 480.5             |
| Other noncurrent liabilities and deferred credits                                                                            |    | 313.0                | 298.6             |
| Total Other Liabilities <sup>(1)</sup>                                                                                       |    | 4,931.9              | 4,620.3           |
| <b>Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")</b>                               |    |                      |                   |
| Total Capitalization and Liabilities                                                                                         | \$ | 31,788.1             | \$ 31,077.2       |

<sup>(1)</sup>Includes \$53.7 million and \$68.3 million in 2024 and 2023, respectively, of current liabilities, \$58.3 million and \$55.7 million in 2024 and 2023, respectively, of other liabilities, and finance leases of \$40.4 million in 2024, of consolidated VIEs that creditors do not have recourse to our general credit. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

**NI SOURCE INC.**  
**STATEMENTS OF CONSOLIDATED CASH FLOWS**

| Year Ended December 31, (in millions)                                      | 2024             | 2023              | 2022             |
|----------------------------------------------------------------------------|------------------|-------------------|------------------|
| <b>Operating Activities</b>                                                |                  |                   |                  |
| Net Income                                                                 | \$ 844.7         | \$ 674.4          | \$ 791.8         |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: |                  |                   |                  |
| Depreciation and amortization                                              | 1,043.2          | 908.2             | 820.8            |
| Deferred income taxes                                                      | 168.0            | 134.1             | 156.9            |
| Stock compensation expense and 401(k) profit sharing contribution          | 43.6             | 33.5              | 24.9             |
| Loss (gain) on sale of assets                                              | 2.9              | 2.9               | (105.3)          |
| Payments for assets retirement obligations                                 | (72.5)           | (41.6)            | (22.3)           |
| Other adjustments                                                          | (52.8)           | (17.9)            | 5.7              |
| Changes in Assets and Liabilities:                                         |                  |                   |                  |
| Accounts receivable                                                        | (101.5)          | 184.1             | (216.3)          |
| Gas storage and other inventories                                          | 102.0            | 233.9             | (258.9)          |
| Accounts payable                                                           | 71.5             | (171.8)           | 165.0            |
| Exchange gas receivable/payable                                            | (133.5)          | 126.5             | 57.8             |
| Other accruals                                                             | 9.5              | (102.9)           | 73.4             |
| Prepayments and other current assets                                       | (75.9)           | 36.7              | (9.8)            |
| Regulatory assets/liabilities                                              | (8.7)            | (26.2)            | (129.4)          |
| Postretirement and postemployment benefits                                 | (64.3)           | (22.0)            | 84.7             |
| Deferred charges and other noncurrent assets                               | (20.8)           | (10.1)            | (4.1)            |
| Other noncurrent liabilities and deferred credits                          | 26.1             | (6.7)             | (25.5)           |
| <b>Net Cash Flows from Operating Activities</b>                            | <b>1,781.5</b>   | <b>1,935.1</b>    | <b>1,409.4</b>   |
| <b>Investing Activities</b>                                                |                  |                   |                  |
| Capital expenditures                                                       | (2,614.0)        | (2,645.8)         | (2,203.1)        |
| Insurance recoveries                                                       | 0.8              | 3.0               | 105.0            |
| Cost of removal                                                            | (166.8)          | (160.8)           | (151.7)          |
| Purchases of available-for-sale securities                                 | (17.8)           | (42.8)            | (73.5)           |
| Sales of available-for-sale securities                                     | 93.2             | 39.9              | 75.7             |
| Milestone and final payments to renewable generation asset developer       | (482.0)          | (761.4)           | (323.9)          |
| Advanced deposits for project costs                                        | (29.0)           | —                 | —                |
| Other investing activities                                                 | 2.6              | (3.7)             | 1.3              |
| <b>Net Cash Flows used for Investing Activities</b>                        | <b>(3,213.0)</b> | <b>(3,571.6)</b>  | <b>(2,570.2)</b> |
| <b>Financing Activities</b>                                                |                  |                   |                  |
| Proceeds from issuance of long-term debt                                   | 2,229.5          | 1,488.7           | 345.6            |
| Repayments of long-term debt and finance lease obligations                 | (25.6)           | (33.1)            | (60.3)           |
| Repayment of short term credit agreements                                  | (1,650.0)        | —                 | —                |
| Issuance of short term credit agreements                                   | —                | 650.0             | 1,000.0          |
| Net change in commercial paper and other short-term borrowings             | (794.0)          | 636.4             | 202.2            |
| Issuance of common stock, net of issuance costs                            | 612.6            | 12.9              | 154.3            |
| Redemption of preferred stock                                              | (486.1)          | (393.9)           | —                |
| Preferred stock redemption premium                                         | (14.0)           | (6.2)             | —                |
| Payment of obligation to renewable generation asset developer              | —                | (347.2)           | —                |
| Equity costs, premiums and other debt related costs                        | (67.3)           | (30.2)            | (13.0)           |
| Contributions from NIPSCO minority interest holders                        | 99.5             | 2,161.9           | —                |
| Distributions to NIPSCO minority interest holders                          | (50.3)           | —                 | —                |
| Contributions from tax equity partners                                     | —                | 240.9             | 21.2             |
| Distributions to tax equity partners                                       | (16.1)           | (14.1)            | (6.0)            |
| Dividends paid - common stock                                              | (481.0)          | (413.5)           | (381.5)          |
| Dividends paid - preferred stock                                           | (8.2)            | (43.8)            | (55.1)           |
| Contract liability payment                                                 | —                | (66.6)            | (66.1)           |
| <b>Net Cash Flows (used for) from Financing Activities</b>                 | <b>(651.0)</b>   | <b>3,842.2</b>    | <b>1,141.3</b>   |
| Change in cash, cash equivalents and restricted cash                       | (2,082.5)        | 2,205.7           | (19.5)           |
| Cash, cash equivalents and restricted cash at beginning of period          | 2,281.1          | 75.4              | 94.9             |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>         | <b>\$ 198.6</b>  | <b>\$ 2,281.1</b> | <b>\$ 75.4</b>   |
| <b>Reconciliation to Balance Sheet</b>                                     | <b>2024</b>      | <b>2023</b>       | <b>2022</b>      |
| Cash and cash equivalents                                                  | 156.6            | 2,245.4           | 40.8             |
| Restricted Cash                                                            | 42.0             | 35.7              | 34.6             |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b>                    | <b>198.6</b>     | <b>2,281.1</b>    | <b>75.4</b>      |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NiSOURCE INC.**

**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY**

| <i>(in millions)</i>                                      | Common<br>Stock | Preferred<br>Stock <sup>(1)</sup> | Treasury<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Noncontrolling<br>Interest in<br>Consolidated<br>Subsidiaries | Total       |
|-----------------------------------------------------------|-----------------|-----------------------------------|-------------------|----------------------------------|---------------------|-----------------------------------------------|---------------------------------------------------------------|-------------|
| <b>Balance as of January 1, 2022</b>                      | \$ 4.1          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,204.3                       | \$ (1,580.9)        | \$ (126.8)                                    | \$ 325.6                                                      | \$ 7,272.9  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 804.1               | —                                             | (12.3)                                                        | 791.8       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 89.7                                          | —                                                             | 89.7        |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$0.94 per share)                           | —               | —                                 | —                 | —                                | (381.7)             | —                                             | —                                                             | (381.7)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (55.1)              | —                                             | —                                                             | (55.1)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest                | —               | —                                 | —                 | —                                | —                   | —                                             | 19.1                                                          | 19.1        |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (6.0)                                                         | (6.0)       |
| Stock issuances:                                          |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.2                              | —                   | —                                             | —                                                             | 5.2         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 14.3                             | —                   | —                                             | —                                                             | 14.3        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.7                              | —                   | —                                             | —                                                             | 9.7         |
| ATM Program                                               | 0.1             | —                                 | —                 | 141.8                            | —                   | —                                             | —                                                             | 141.9       |
| <b>Balance as of December 31, 2022</b>                    | \$ 4.2          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,375.3                       | \$ (1,213.6)        | \$ (37.1)                                     | \$ 326.4                                                      | \$ 7,901.8  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 714.3               | —                                             | (39.9)                                                        | 674.4       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.5                                           | —                                                             | 3.5         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.00 per share)                           | —               | —                                 | —                 | —                                | (414.1)             | —                                             | —                                                             | (414.1)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (43.8)              | —                                             | —                                                             | (43.8)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Issuance of noncontrolling interests <sup>(2)</sup>       | —               | —                                 | —                 | 809.6                            | —                   | —                                             | 1,361.1                                                       | 2,170.7     |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 233.2                                                         | 233.2       |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (14.1)                                                        | (14.1)      |
| Stock issuances:                                          |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Equity Units                                              | 0.3             | (666.5)                           | —                 | 666.2                            | —                   | —                                             | —                                                             | —           |
| Series A Preferred stock redemption                       | —               | (393.9)                           | —                 | —                                | —                   | —                                             | —                                                             | (393.9)     |
| Series A Preferred stock redemption premium               | —               | —                                 | —                 | —                                | (9.8)               | —                                             | —                                                             | (9.8)       |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.9                              | —                   | —                                             | —                                                             | 5.9         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 12.6                             | —                   | —                                             | —                                                             | 12.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.9                              | —                   | —                                             | —                                                             | 9.9         |
| <b>Balance as of December 31, 2023</b>                    | \$ 4.5          | \$ 486.1                          | \$ (99.9)         | \$ 8,879.5                       | \$ (967.0)          | \$ (33.6)                                     | \$ 1,866.7                                                    | \$ 10,136.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 760.4               | —                                             | 84.3                                                          | 844.7       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.2                                           | —                                                             | 3.2         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.06 per share)                           | —               | —                                 | —                 | —                                | (483.0)             | —                                             | —                                                             | (483.0)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (8.1)               | —                                             | —                                                             | (8.1)       |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest                | —               | —                                 | —                 | —                                | —                   | —                                             | 99.5                                                          | 99.5        |
| Distributions to noncontrolling interests                 | —               | —                                 | —                 | —                                | —                   | —                                             | (66.4)                                                        | (66.4)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Series B and B-1 Preferred stock redemption               | —               | (486.1)                           | —                 | —                                | —                   | —                                             | —                                                             | (486.1)     |
| Series B and B-1 Preferred stock redemption premium       | —               | —                                 | —                 | —                                | (14.0)              | —                                             | —                                                             | (14.0)      |
| Employee stock purchase plan                              | —               | —                                 | —                 | 6.4                              | —                   | —                                             | —                                                             | 6.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 26.6                             | —                   | —                                             | —                                                             | 26.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.2                              | —                   | —                                             | —                                                             | 9.2         |
| ATM Program                                               | 0.2             | —                                 | —                 | 599.8                            | —                   | —                                             | —                                                             | 600.0       |
| <b>Balance as of December 31, 2024</b>                    | \$ 4.7          | \$ —                              | \$ (99.9)         | \$ 9,521.5                       | \$ (711.7)          | \$ (30.4)                                     | \$ 1,984.1                                                    | \$ 10,668.3 |

<sup>(1)</sup> Series A, Series B and Series C shares had an aggregate liquidation preference of \$400M, \$500M and \$863M, respectively.

<sup>(2)</sup> Relates to the NIPSCO Minority Interest Transaction. See Note 4, "Noncontrolling Interests," for additional discussion.

<sup>(3)</sup> Contributions from noncontrolling interest is net of transaction costs.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

NiSOURCE INC.  
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (continued)

| (in thousands)                         | Preferred    | Common         |                |                |
|----------------------------------------|--------------|----------------|----------------|----------------|
|                                        | Shares       | Shares         | Treasury       | Outstanding    |
| <b>Balance as of January 1, 2022</b>   | <b>1,303</b> | <b>409,266</b> | <b>(3,963)</b> | <b>405,303</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 186            | —              | 186            |
| Long-term incentive plan               | —            | 375            | —              | 375            |
| 401(k) and profit sharing plan         | —            | 337            | —              | 337            |
| ATM Program                            | —            | 5,942          | —              | 5,942          |
| <b>Balance as of December 31, 2022</b> | <b>1,303</b> | <b>416,106</b> | <b>(3,963)</b> | <b>412,143</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 216            | —              | 216            |
| Long-term incentive plan               | —            | 758            | —              | 758            |
| 401(k) and profit sharing plan         | —            | 366            | —              | 366            |
| Equity Units <sup>(1)</sup>            | —            | 33,899         | —              | 33,899         |
| Redeemed:                              |              |                |                |                |
| Equity Units <sup>(1)</sup>            | (863)        | —              | —              | —              |
| Series A Preferred Stock               | (400)        | —              | —              | —              |
| <b>Balance as of December 31, 2023</b> | <b>40</b>    | <b>451,345</b> | <b>(3,963)</b> | <b>447,382</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 218            | —              | 218            |
| Long-term incentive plan               | —            | 769            | —              | 769            |
| 401(k) and profit sharing plan         | —            | 309            | —              | 309            |
| ATM Program                            | —            | 21,144         | —              | 21,144         |
| Redeemed:                              |              |                |                |                |
| Series B and B-1 Preferred Stock       | (40)         | —              | —              | —              |
| <b>Balance as of December 31, 2024</b> | <b>—</b>     | <b>473,785</b> | <b>(3,963)</b> | <b>469,822</b> |

<sup>(1)</sup>See Note 6, "Equity," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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NI SOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**1. Nature of Operations and Summary of Significant Accounting Policies**

**A. Company Structure and Principles of Consolidation.** We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.8 million customers in six states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated 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.

**B. Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash, Cash Equivalents and Restricted Cash.** We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trusts to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, and holdbacks related to certain joint venture development agreements which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

**D. Accounts Receivable and Unbilled Revenue.** Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from their last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, weather and reasonable and supportable forecasts. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical collection experience, current market conditions and reasonable and supportable forecasts. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable, including amounts related to unbilled revenues.

**E. Investments in Debt Securities.** Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Available-for-sale debt securities" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. At each reporting period these investments are qualitatively and quantitatively assessed to determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. Impairments related to credit loss are recorded through an allowance for credit losses. Impairments that are not related to credit losses are included in other comprehensive income and are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2024, 2023 or 2022. Refer to Note 14, "Fair Value," for additional information.

**F. Basis of Accounting for Rate-Regulated Subsidiaries.** Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be billed and collected. Certain expenses and credits subject to utility regulation or rate determination that would normally be reflected in income for non-regulated entities are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

We continually evaluate whether or not our operations are within the scope of ASC 980 and rate regulations. As part of that analysis, we evaluate probability of recovery for our regulatory assets. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 12, "Regulatory Matters," for additional information.

**G. Plant and Other Property and Related Depreciation and Maintenance.** Property, plant and equipment (principally utility plant) is stated at cost. Our rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties, as approved by the appropriate regulators.

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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Non-utility property, consisting of renewable generation assets owned by JVs of which we are the primary beneficiary and certain retired regulatory assets described below, is generally depreciated over the life of the associated assets. Refer to Note 9, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies where provided for in rates, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our consolidated pre-tax rate for AFUDC was 4.8% in 2024, 3.9% in 2023 and 3.4% in 2022.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the gross amounts are classified as "Non-Utility and Other" as described in Note 9, "Property, Plant and Equipment." If the asset is no longer operating but still subject to recovery, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

External and internal costs associated with on-premise computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets, with the associated internal-use software capitalized to plant if we have a contractual right to take possession of the software at any time during the hosting period without significant penalty and it is feasible for us to either run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonably expected to be exercised.

**H. Goodwill and Other Intangible Assets.** Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches. See Note 10, "Goodwill," for additional information.

**I. Accounts Receivable Transfer Programs.** Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2024 and 2023 Consolidated Balance Sheets. When amounts are securitized, the short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 7, "Short-Term Borrowings," for further information.

**J. Gas Cost and Fuel Adjustment Clause.** Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 12, "Regulatory Matters," for additional information.

**K. Gas Storage and Other Inventories.** Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was \$43.8 million and \$43.9 million at December 31, 2024 and 2023, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by \$12.8 million at December 31, 2024 and was less than the stated LIFO cost by \$22.5 million at December 31, 2023. As all LIFO inventory costs are collected from customers through our rate-regulated subsidiaries, no inventory impairment has been recorded. Gas inventory valued using the weighted average cost methodology was \$135.8 million at December 31, 2024 and \$222.0 million at December 31, 2023.



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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

Materials and supplies are valued using the weighted average cost inventory methodology. Materials and supplies are charged to expense or capitalized to property, plant and equipment when issued.

**L. Accounting for Exchange and Balancing Arrangements of Natural Gas.** Our Columbia Operations and NIPSCO Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under an exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on our Consolidated Balance Sheets, as appropriate.

**M. Accounting for Risk Management Activities.** We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We do not offset the fair value amounts recognized for any of our derivative instruments against the fair value amounts recognized for the right to reclaim cash collateral or obligation to return cash collateral for derivative instruments executed with the same counterparty under a master netting arrangement. See Note 13, "Risk Management Activities," for additional information.

**N. Income Taxes and Investment Tax Credits.** Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the related properties. Furthermore, the tax basis of the asset is reduced by 50% of the ITCs received, resulting in a net deferred tax asset.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement. Income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax.

**O. Pension Remeasurement.** We utilize a third-party actuary for the purpose of performing actuarial valuations of our defined benefit plans. Annually, as of December 31, we perform a remeasurement for our defined benefit plans. Quarterly, we monitor for significant events, and if a significant event is identified, we perform a qualitative and quantitative assessment to determine if the resulting remeasurement would materially impact the NiSource financial statements. If material, an interim remeasurement is performed. See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**P. Environmental Expenditures.** We accrue for costs associated with environmental remediation obligations, including expenditures related to asset retirement obligations and cost of removal, when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other accruals" for short-term portions of these liabilities and "Other noncurrent liabilities and deferred credits" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance



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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 11, "Asset Retirement Obligations," and Note 19, "Other Commitments and Contingencies," for further information.

**Q. Excise Taxes.** As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense on the Statements of Consolidated Income.

**R. Accrued Insurance Liabilities.** We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information.

**S. Noncontrolling Interest.** We maintain a controlling financial interest in certain of our less than wholly owned subsidiaries. We consolidate these subsidiaries as either voting interest entities or VIEs and present the third-party investors' portion of our net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Consolidated Balance Sheet.

On December 31, 2023, the NIPSCO Minority Interest Transaction closed and a 19.9% equity interest in NIPSCO Holdings II, the sole owner of NIPSCO, was issued to an affiliate of Blackstone. NIPSCO Holdings II does not meet the criteria of a VIE and instead is consolidated under the voting interest model in accordance with ASC 810 as we maintain control through a majority interest in NIPSCO Holdings II. Refer to Note 4, "Noncontrolling Interests," for further discussion on the NIPSCO Minority Interest Transaction.

We fund a portion of our renewable generation assets through JVs with tax equity partners. We consolidate these JVs in accordance with ASC 810 as they are VIEs in which we hold a variable interest, and we control decisions that are significant to the JVs' ongoing operations and economic results (i.e., we are the primary beneficiary).

These JVs are subject to profit sharing arrangements in which the allocation of the JVs' cash distributions and tax benefits to members is based on factors other than members' relative ownership percentages. As such, we utilize the HLBV method to allocate proceeds to each partner at the balance sheet date based on the liquidation provisions of the related JV's operating agreement and adjust the amount of the VIE's net income attributable to us and the noncontrolling tax equity member during the period.

In each reporting period, the application of HLBV to our consolidated VIEs results in a difference between the amount of profit from the consolidated JVs and the amount included in regulated rates. As discussed above in "F. Basis of Accounting for Rate-Regulated Subsidiaries," we are subject to the accounting and reporting requirements of ASC 980. In accordance with these principles, we recognize a regulatory liability or asset for amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The amounts recorded in income will ultimately reflect the amount allowed in regulated rates to recover our investments over the useful life of the projects. The offset to the regulatory liability or asset associated with our renewable investments included in regulated rates is recorded in "Depreciation expense" on the Statements of Consolidated Income.

## **2. Recent Accounting Pronouncements**

### **Recently Issued Accounting Pronouncements**

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. This pronouncement requires disaggregated disclosure of income statement expenses for public business entities. The ASU requires disclosure in tabular format of disaggregation of relevant expense captions presented on the income statement by certain natural expense categories with certain related qualitative disclosures within the notes to the financial statements. The ASU does not change the expense captions an entity presents on the income

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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

statement. The ASU is effective for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. We are currently evaluating the impacts this amendment will have on our required disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This pronouncement enhances required income tax disclosures. The pronouncement will require disclosure of specific categories and reconciling items included in the rate reconciliation, disaggregation between federal, state and local income taxes paid, and disclosure of income taxes paid by jurisdictions over a certain threshold. Additionally, the pronouncement eliminates certain required disclosures related to unrecognized tax benefits. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted, and is to be applied on a prospective basis with retrospective application permitted. We will implement and provide the required disclosures beginning in 2025.

**Recently Adopted Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This pronouncement enhances annual and interim disclosure requirements over reportable segments, primarily through enhanced disclosures about significant segment expenses. Specifically, the pronouncement requires disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss, disclosure of an amount for other segment items representing the difference between segment revenue and segment expenses already disclosed, disclosure of all required annual disclosures for interim periods and disclosure of title and position of the CODM and how the CODM uses reported measures. The pronouncement also allows for more than one measure of segment profit if the CODM uses more than one measure in assessing segment performance. This pronouncement is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this pronouncement as of December 31, 2024 with retrospective application and updated its disclosures to include significant expenses regularly provided to the CODM, the CODM's title and how the CODM utilizes reported measures. See Note 21, "Business Segment Information" for further discussion.

**3. Revenue Recognition**

**Customer Revenues.** Substantially all of our revenues are tariff-based. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract, which creates enforceable rights and obligations. Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer deposits and credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage exceeds payments received.

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

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs, subject to reconciliation, and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in "Regulatory assets" or "Regulatory liabilities" on the Consolidated Balance Sheets and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. Distribution revenues are generally considered daily or "at-will" contracts as customers may cancel their service at any time (subject to notification requirements), and revenue generally represents the amount we are entitled to bill customers.

In addition to tariff-based sales, our gas distribution in both our Columbia Operations and NIPSCO Operations segments enters into balancing and exchange arrangements of natural gas as part of our operations and off-system sales programs. Performance obligations for these types of sales include transportation and storage of natural gas and can be satisfied at a point in time or over a period of time, depending on the specific transaction. For those transactions that span a period of time, we record a

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

receivable or payable for any cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a gas distribution operations exchange agreement.

**Revenue Disaggregation and Reconciliation.** We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As of January 1, 2024, we have changed our reportable segments from Gas Distribution Operations and Electric Operations to Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. For additional information see Note 21, "Business Segment Information".

The Columbia Operations segment provides regulated natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. The NIPSCO Operations segment provides regulated gas and electric service in northern Indiana for residential, commercial and industrial customers.

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

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Statements of Consolidated Income:

| <i>Year Ended December 31, 2024 (in millions)</i> | Columbia Operations |         | NIPSCO Operations |         | Corporate and Other |     | Total      |
|---------------------------------------------------|---------------------|---------|-------------------|---------|---------------------|-----|------------|
| <b>Gas Distribution</b>                           |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | 1,833.8 | \$                | 531.4   | \$                  | —   | \$ 2,365.2 |
| Commercial                                        |                     | 580.3   |                   | 199.2   |                     | —   | 779.5      |
| Industrial                                        |                     | 144.2   |                   | 79.0    |                     | —   | 223.2      |
| Off-system                                        |                     | 42.6    |                   | —       |                     | —   | 42.6       |
| Wholesale                                         |                     | 1.2     |                   | —       |                     | —   | 1.2        |
| Miscellaneous <sup>(1)</sup>                      |                     | 26.3    |                   | 15.4    |                     | —   | 41.7       |
| <b>Subtotal</b>                                   | \$                  | 2,628.4 | \$                | 825.0   | \$                  | —   | \$ 3,453.4 |
| <b>Electric Generation and Power Delivery</b>     |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | —       | \$                | 649.9   | \$                  | —   | \$ 649.9   |
| Commercial                                        |                     | —       |                   | 620.4   |                     | —   | 620.4      |
| Industrial                                        |                     | —       |                   | 499.1   |                     | —   | 499.1      |
| Wholesale                                         |                     | —       |                   | 38.3    |                     | —   | 38.3       |
| Public Authority                                  |                     | —       |                   | 8.1     |                     | —   | 8.1        |
| Miscellaneous <sup>(1)</sup>                      |                     | —       |                   | 13.7    |                     | —   | 13.7       |
| <b>Subtotal</b>                                   | \$                  | —       | \$                | 1,829.5 | \$                  | —   | \$ 1,829.5 |
| <b>Total Customer Revenues<sup>(2)</sup></b>      |                     | 2,628.4 |                   | 2,654.5 |                     | —   | 5,282.9    |
| <b>Other Revenues<sup>(3)</sup></b>               |                     | 74.8    |                   | 96.5    |                     | 0.9 | 172.2      |
| <b>Total Operating Revenues</b>                   | \$                  | 2,703.2 | \$                | 2,751.0 | \$                  | 0.9 | \$ 5,455.1 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

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<sup>(3)</sup>Amounts included in Columbia Operations primarily relate to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets.

| Year Ended December 31, 2023 <i>(in millions)</i>    | Columbia Operations | NIPSCO Operations | Corporate and Other | Total      |
|------------------------------------------------------|---------------------|-------------------|---------------------|------------|
| <b><i>Gas Distribution</i></b>                       |                     |                   |                     |            |
| Residential                                          | \$ 1,827.5          | \$ 635.0          | \$ —                | \$ 2,462.5 |
| Commercial                                           | 598.9               | 249.0             | —                   | 847.9      |
| Industrial                                           | 139.0               | 87.0              | —                   | 226.0      |
| Off-system                                           | 60.6                | —                 | —                   | 60.6       |
| Wholesale                                            | 1.6                 | —                 | —                   | 1.6        |
| Miscellaneous <sup>(1)</sup>                         | 33.4                | 14.8              | —                   | 48.2       |
| <b>Subtotal</b>                                      | 2,661.0             | 985.8             | —                   | 3,646.8    |
| <b><i>Electric Generation and Power Delivery</i></b> |                     |                   |                     |            |
| Residential                                          | —                   | 583.9             | —                   | 583.9      |
| Commercial                                           | —                   | 578.1             | —                   | 578.1      |
| Industrial                                           | —                   | 474.1             | —                   | 474.1      |
| Wholesale                                            | —                   | 32.0              | —                   | 32.0       |
| Public Authority                                     | —                   | 11.5              | —                   | 11.5       |
| Miscellaneous <sup>(1)</sup>                         | —                   | 21.4              | —                   | 21.4       |
| <b>Subtotal</b>                                      | —                   | 1,701.0           | —                   | 1,701.0    |
| <b>Total Customer Revenues<sup>(2)</sup></b>         | \$ 2,661.0          | \$ 2,686.8        | \$ —                | \$ 5,347.8 |
| <b>Other Revenues<sup>(3)</sup></b>                  | 72.9                | 83.9              | 0.8                 | 157.6      |
| <b>Total Operating Revenues</b>                      | \$ 2,733.9          | \$ 2,770.7        | \$ 0.8              | \$ 5,505.4 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to late fees, property rentals, revenue refunds, and adjustments.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

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| Year Ended December 31, 2022 (in millions)    | Columbia Operations | NIPSCO Operations | Corporate and Other | Total             |
|-----------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| <b>Gas Distribution</b>                       |                     |                   |                     |                   |
| Residential                                   | \$ 1,918.2          | \$ 691.5          | \$ —                | \$ 2,609.7        |
| Commercial                                    | 672.2               | 267.4             | —                   | 939.6             |
| Industrial                                    | 135.5               | 85.1              | —                   | 220.6             |
| Off-system                                    | 192.9               | —                 | —                   | 192.9             |
| Wholesale                                     | 2.1                 | —                 | —                   | 2.1               |
| Miscellaneous <sup>(1)</sup>                  | 27.3                | 10.9              | —                   | 38.2              |
| <b>Subtotal</b>                               | <b>\$ 2,948.2</b>   | <b>\$ 1,054.9</b> | <b>\$ —</b>         | <b>\$ 4,003.1</b> |
| <b>Electric Generation and Power Delivery</b> |                     |                   |                     |                   |
| Residential                                   | \$ —                | \$ 592.4          | \$ —                | \$ 592.4          |
| Commercial                                    | —                   | 571.0             | —                   | 571.0             |
| Industrial                                    | —                   | 560.6             | —                   | 560.6             |
| Wholesale                                     | —                   | 13.5              | —                   | 13.5              |
| Public Authority                              | —                   | 12.1              | —                   | 12.1              |
| Miscellaneous <sup>(1)</sup>                  | —                   | (14.1)            | —                   | (14.1)            |
| <b>Subtotal</b>                               | <b>\$ —</b>         | <b>\$ 1,735.5</b> | <b>\$ —</b>         | <b>\$ 1,735.5</b> |
| <b>Total Customer Revenues<sup>(2)</sup></b>  | <b>\$ 2,948.2</b>   | <b>\$ 2,790.4</b> | <b>\$ —</b>         | <b>\$ 5,738.6</b> |
| <b>Other Revenues<sup>(3)</sup></b>           | <b>3.7</b>          | <b>95.8</b>       | <b>12.5</b>         | <b>112.0</b>      |
| <b>Total Operating Revenues</b>               | <b>\$ 2,951.9</b>   | <b>\$ 2,886.2</b> | <b>\$ 12.5</b>      | <b>\$ 5,850.6</b> |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue trackers, late fees and property rentals.2.1

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets. Amounts included in Corporate and Other primarily related to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

**Customer Accounts Receivable.** Accounts receivable on our Consolidated Balance Sheets includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of their 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. A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, primarily from November through March, revenues and receivables from gas sales are more significant than in other months. The opening and closing balances of customer receivables for the year ended December 31, 2024, 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<br>Receivable, Billed (less<br>reserve) | Customer Accounts<br>Receivable, Unbilled (less<br>reserve) |
|---------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Balance as of December 31, 2023 | \$ 479.4                                                  | \$ 337.6                                                    |
| Balance as of December 31, 2024 | 525.1                                                     | 408.1                                                       |

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. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

**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. Internal and external inputs are used in our credit model including, but not limited to, energy consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-offs, customer delinquencies, final bill data, and inflation. We continuously evaluate available information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or following 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 including, but 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 to an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses as of December 31, 2024 and December 31, 2023, are presented in the tables below:

| (in millions)                                | Columbia Operations | NIPSCO Operations | Corporate and Other | Total   |
|----------------------------------------------|---------------------|-------------------|---------------------|---------|
| <b>Balance as of January 1, 2024</b>         | \$ 10.2             | \$ 11.9           | \$ 0.8              | \$ 22.9 |
| Current period provisions                    | 26.7                | 12.1              | —                   | 38.8    |
| Write-offs charged against allowance         | (43.9)              | (11.0)            | (0.8)               | (55.7)  |
| Recoveries of amounts previously written off | 16.8                | 0.9               | —                   | 17.7    |
| <b>Balance as of December 31, 2024</b>       | \$ 9.8              | \$ 13.9           | \$ —                | \$ 23.7 |

| (in millions)                                | Columbia Operations | NIPSCO Operations | Corporate and Other | Total   |
|----------------------------------------------|---------------------|-------------------|---------------------|---------|
| <b>Balance as of January 1, 2023</b>         | \$ 11.1             | \$ 12.0           | \$ 0.8              | \$ 23.9 |
| Current period provisions                    | 28.3                | 11.5              | —                   | 39.8    |
| Write-offs charged against allowance         | (49.2)              | (12.4)            | —                   | (61.6)  |
| Recoveries of amounts previously written off | 20.0                | 0.8               | —                   | 20.8    |
| <b>Balance as of December 31, 2023</b>       | \$ 10.2             | \$ 11.9           | \$ 0.8              | \$ 22.9 |

**4. Noncontrolling Interests**

**Variable Interest Entities.** A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for information on our accounting policy for the VIEs.

NIPSCO is the managing member and operator of two wind JVs, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO is also a managing member and operator of two solar JVs, Indiana Crossroads Solar and Dunns Bridge I, which have a nameplate capacity of 200 MW and 265 MW, respectively. We have determined that these JVs are VIEs. NIPSCO controls decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include 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. NIPSCO and each tax equity partner contributed cash to the respective JV. Once the tax equity partner has earned their negotiated rate of return and the JV has reached a stated contractual date, NIPSCO has the option to purchase the remaining interest in the respective JV from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by each commercially operational JV.

We did not provide any financial or other support during the year that was not contractually required.



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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

Our Consolidated Balance Sheets included the following assets and liabilities associated with VIEs.

| <i>(in millions)</i>                      | <b>December 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-------------------------------------------|------------------------------|------------------------------|
| Net Property, Plant and Equipment         | \$ 1,323.8                   | \$ 1,369.8                   |
| Current assets                            | 65.0                         | 63.6                         |
| <b>Total assets<sup>(1)(2)</sup></b>      | <b>1,388.8</b>               | <b>1,433.4</b>               |
| Current liabilities                       | 53.7                         | 68.3                         |
| Asset retirement obligations              | 58.3                         | 55.7                         |
| Finance lease obligations                 | 40.4                         | —                            |
| <b>Total liabilities<sup>(1)(2)</sup></b> | <b>\$ 152.4</b>              | <b>\$ 124.0</b>              |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

<sup>(2)</sup>In addition to the amounts disclosed above there is a de minimis amount of other noncurrent assets and liabilities at Rosewater as of December 31, 2024.

**Voting Interest Entities.** On December 31, 2023, we consummated the NIPSCO Minority Interest Transaction for a capital contribution of \$2.16 billion in cash. The difference between the \$2.16 billion consideration received and the \$1.36 billion carrying value of the noncontrolling interest claim on net assets was recorded to additional paid-in capital, net of \$54.7 million in transaction costs and a \$63.5 million income tax benefit. We retain a controlling financial interest in NIPSCO Holdings II and its subsidiaries and consolidate their financial results. For the twelve months ending December 31, 2024 we received \$99.5 million of contributions, and we made \$50.3 million of distributions, to our NIPSCO minority interest holders. See Note 19, "Other Commitments and Contingencies - E. Other Matters," for a detailed discussion of the NIPSCO Holdings II LLC Agreement and governance structure.

**5. Earnings Per Share**

The calculations of basic and diluted EPS are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Diluted EPS includes the incremental effects of the various long-term incentive compensation plans and ATM forward sale agreements under the treasury stock method when the impact would be dilutive. For the purposes of determining diluted EPS, for the twelve months ended December 31, 2023 and 2022, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding using the if-converted method under US GAAP and we assumed share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period. This method assumes conversion at the beginning of the reporting period, or at time of issuance, if later. The purchase contracts were settled on December 1, 2023. For the purchase contracts, the number of shares of our common stock that would have been issuable at the end of each reporting period prior to the settlement date were reflected in the denominator of our diluted EPS calculation. A numerator adjustment was reflected in the calculation of diluted EPS for interest expense incurred in 2023 and 2022, net of tax, related to the purchase contracts.

We adopted ASU 2020-06 on January 1, 2022, which required us to assume share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period.

The shares underlying the Series C Mandatory Convertible Preferred Stock included within the Equity Units were contingently convertible as the conversion was contingent on a successful remarketing. Contingently convertible shares where conversion was not tied to a market price trigger were excluded from the calculation of diluted EPS until such time as the contingency had been resolved under the if-converted method. The unsuccessful remarketing resolved the contingency and no shares were reflected in the denominator for the years ended December 31, 2023 and 2022, for the calculation of diluted EPS.

We began using the two-class method of computing earnings per share in 2023 because we have participating securities in the form of non-vested restricted stock units with a non-forfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

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During 2022, we had no outstanding securities other than common and preferred stock, which required holders' participation in dividends and earnings; therefore, we were not required to calculate EPS under the two-class method. Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by giving effect to all potential shares of common stock, to the extent they are dilutive. Refer to Note 6, "Equity," for additional information.

The following table presents the calculation of our basic and diluted EPS:

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2024     | 2023     | 2022     |
|------------------------------------------------------------------------|----------|----------|----------|
| <b>Numerator:</b>                                                      |          |          |          |
| Net Income Available to Common Shareholders                            | \$ 739.7 | \$ 661.7 | \$ 749.0 |
| Less: Income allocated to participating securities                     | 1.6      | 0.6      | —        |
| Net Income Available to Common Shareholders - Basic                    | \$ 738.1 | \$ 661.1 | \$ 749.0 |
| Add: Dilutive effect of Equity Units                                   | —        | 1.4      | 2.0      |
| Net Income Available to Common Shareholders - Diluted                  | \$ 738.1 | \$ 662.5 | \$ 751.0 |
| <b>Denominator:</b>                                                    |          |          |          |
| Average common shares outstanding - Basic                              | 454.2    | 416.1    | 407.1    |
| Dilutive potential common shares:                                      |          |          |          |
| Equity Units purchase contracts                                        | —        | 29.8     | 30.2     |
| Equity Units purchase contract payment balance                         | —        | 0.9      | 3.2      |
| Shares contingently issuable under employee stock plans                | 0.9      | 0.7      | 0.9      |
| Shares restricted under employee stock plans                           | 0.3      | 0.4      | 0.5      |
| ATM Forward agreements                                                 | 0.6      | —        | 0.8      |
| Average Common Shares - Diluted                                        | 456.0    | 447.9    | 442.7    |
| <b>Earnings per common share:</b>                                      |          |          |          |
| Basic                                                                  | \$ 1.63  | \$ 1.59  | \$ 1.84  |
| Diluted                                                                | \$ 1.62  | \$ 1.48  | \$ 1.70  |

**6. Equity**

Holders of shares of our common stock are entitled to receive dividends when, as, and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have certain debt covenants that could potentially limit the amount of dividends we could pay in order to maintain compliance with these covenants. Refer to Note 8, "Long-Term Debt," for more information. As of December 31, 2024, these covenants did not restrict the amount of dividends that were available to be paid.

There is no preferred stock outstanding as of December 31, 2024.

Common and preferred stock activity for 2024, 2023 and 2022 is described further below.

**ATM Program.** In February 2024, we entered into eight separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of \$900.0 million of our common stock.

In February 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 7,757,951 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$25.78 per share. On September 17, 2024 we settled all the shares under the forward sale agreement for \$199.9 million, based on a net price of \$25.77 per share.

In May 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 10,390,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$28.87 per share. On September 11, 2024 we settled all the shares under the forward sale agreement for \$299.1 million, based on a net price of \$28.79 per share.



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In September 2024, under the ATM program, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,495,949 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$34.01 per share. On November 19, 2024 we settled all the shares under the forward sale agreement for \$50.3 million, based on a net price of \$33.64 per share.

In September 2024, under the ATM program, we executed a second forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchasers under our forward sale agreement borrowed 1,500,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$34.32 per share. On November 20, 2024 we settled all the shares under the forward sale agreement for \$51.0 million, based on a net price of \$33.99 per share.

As of December 31, 2024, the ATM program had approximately \$297.7 million of equity available for issuance. The program expires on December 31, 2025.

**Series A Preferred Stock.** During 2023, there were \$28.25 dividends declared per share for the Series A Preferred Stock.

On June 15, 2023, we redeemed all 400,000 outstanding shares of Series A Preferred Stock for a redemption price of \$1,000 per share or \$400.0 million in total.

**Series B and B-1 Preferred Stock.** During 2024 and 2023, dividends declared per share for the Series B Preferred Stock were \$406.25 and \$1,625.0, respectively.

On March 15, 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total. Following the redemption, dividends ceased to accrue on the shares of Series B Preferred Stock, shares of the Series B Preferred Stock and Series B-1 Preferred Stock were no longer deemed outstanding and all rights of the holders of such shares of Series B Preferred Stock and Series B-1 Preferred Stock terminated. In conjunction with the redemption, we recorded a \$14.0 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series B Preferred Stock and Series B-1 Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during the first quarter of 2024. We did not recognize an excise tax liability under the IRA in connection with this redemption as we issued common stock in 2024 in excess of the fair value of the Series B Preferred Stock and Series B-1 Preferred Stock redeemed.

In March 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series B Preferred Stock and the Certificate of Designations with respect to the Series B-1 Preferred Stock. As a result, the 20,000 shares that were previously designated as Series B Preferred Stock and the 20,000 shares that were previously designated as Series B-1 Preferred Stock were returned to the status of authorized but unissued shares of preferred stock, par value \$0.01 per share, without designation as to series. The Certificate of Elimination does not change the total number of authorized shares of capital stock of NiSource or the total number of authorized shares of preferred stock. We voluntarily delisted the preferred stock from the New York Stock Exchange on March 15, 2024.

**Equity Units.** On December 1, 2023, we issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units. As of December 1, 2023, each holder of Corporate Units was deemed to have automatically delivered to us the related Series C Mandatory Convertible Preferred Stock that were components of the Corporate Units in full satisfaction of such holder's obligations under the related purchase contract, and all 862,500 shares of Series C Mandatory Convertible Preferred Stock were returned to the status of authorized but unissued preferred stock, par value of \$0.01 per share, without designation as to series. We voluntarily delisted the Corporate Units from the New York Stock Exchange on December 1, 2023.

Refer to Note 5, "Earnings Per Share," for additional information regarding our treatment of the Equity Units for diluted EPS.

On October 21, 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series C Mandatory Convertible Preferred Stock.

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**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

***Noncontrolling Interest in Consolidated Subsidiaries.*** As of December 31, 2024 and 2023, NIPSCO and tax equity partners have completed their cash contributions into the Indiana Crossroads Wind, Rosewater, Indiana Crossroads Solar and Dunns Bridge I JVs. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the respective tax equity partners in varying percentages by category and over the life of the partnership. The tax equity partner's contributions, net of these allocations, is represented as a noncontrolling interest within total equity on the Consolidated Balance Sheets. Refer to Note 4, "Noncontrolling Interests," for more information.

On December 31, 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued a 19.9% equity interest in NIPSCO Holdings II LLC to BIP in exchange for a capital contribution of \$2.16 billion in cash. Transaction costs and deferred tax impacts of \$54.7 million and \$63.5 million were recorded during the period ending December 31, 2023. Refer to Note 15, "Income Taxes," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to the Consolidated Financial Statements for more information on this transaction.

**7. Short-Term Borrowings**

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

***Revolving Credit Facility.*** 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. At December 31, 2024 and 2023, we had no outstanding borrowings under this facility.

***Commercial Paper Program.*** At December 31, 2024 and December 31, 2023, our commercial paper program had a program limit of up to \$1.85 billion and \$1.50 billion, respectively. On February 9, 2024, we increased the program limit from \$1.50 billion to \$1.85 billion. We had \$604.6 million and \$1,061.0 million of commercial paper outstanding with weighted-average interest rates of 4.73% and 5.65% as of December 31, 2024 and 2023, respectively.

***Accounts Receivable Transfer Programs.*** 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 consolidated special purpose entities. The three agreements expire between May 2025 and October 2025 and may be further extended if mutually agreed to by the parties thereto.

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. As of December 31, 2024, the maximum amount we could borrow related to our accounts receivable programs is \$175.0 million.

We had zero and \$337.6 million short-term borrowings related to the securitization transactions as of December 31, 2024 and 2023, respectively.

For the year ended December 31, 2024 and 2023, \$337.6 million and \$9.6 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the accounts receivable transfer programs, we pay used facility fees for amounts borrowed, unused commitment fees for amounts not borrowed, and upfront renewal fees. Fees associated with the securitization transactions were \$1.5 million, \$2.7 million, and \$2.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting the receivables securitized, and the receivables cannot be transferred to another party. Refer to Note 23, "Interest Expense, Net," for additional information on securitization transaction fees.

***Term Credit Agreements.*** At December 31, 2023, we had \$1.0 billion, and \$650.0 million outstanding under term credit agreements with interest rates of 6.41% and 6.50%, respectively. On January 3, 2024, we terminated and repaid in full our \$1.0 billion and \$650.0 million term credit agreements with proceeds from the NIPSCO Minority Interest Transaction.

Items listed above, excluding the term credit agreements, are presented net in the Statements of Consolidated Cash Flows as their maturities are less than 90 days.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**8. Long-Term Debt**

Our long-term debt as of December 31, 2024 and 2023 is as follows:

| Long-term debt type                            | Maturity as of December 31, 2024 | Weighted average interest rate (%) | Outstanding balance as of December 31, (in millions) |             |
|------------------------------------------------|----------------------------------|------------------------------------|------------------------------------------------------|-------------|
|                                                |                                  |                                    | 2024                                                 | 2023        |
| Senior notes:                                  |                                  |                                    |                                                      |             |
| NiSource                                       | August 2025                      | 0.950 %                            | \$ 1,250.0                                           | \$ 1,250.0  |
| NiSource                                       | May 2027                         | 3.490 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | December 2027                    | 6.780 %                            | 3.0                                                  | 3.0         |
| NiSource                                       | March 2028                       | 5.250 %                            | 1,050.0                                              | 1,050.0     |
| NiSource                                       | July 2029                        | 5.200 %                            | 600.0                                                | —           |
| NiSource                                       | September 2029                   | 2.950 %                            | 750.0                                                | 750.0       |
| NiSource                                       | May 2030                         | 3.600 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | February 2031                    | 1.700 %                            | 750.0                                                | 750.0       |
| NiSource                                       | June 2033                        | 5.400 %                            | 450.0                                                | 450.0       |
| NiSource                                       | April 2034                       | 5.350 %                            | 650.0                                                | —           |
| NiSource                                       | December 2040                    | 6.250 %                            | 152.6                                                | 152.6       |
| NiSource                                       | June 2041                        | 5.950 %                            | 347.4                                                | 347.4       |
| NiSource                                       | February 2042                    | 5.800 %                            | 250.0                                                | 250.0       |
| NiSource                                       | February 2043                    | 5.250 %                            | 500.0                                                | 500.0       |
| NiSource                                       | February 2044                    | 4.800 %                            | 750.0                                                | 750.0       |
| NiSource                                       | February 2045                    | 5.650 %                            | 500.0                                                | 500.0       |
| NiSource                                       | May 2047                         | 4.375 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | March 2048                       | 3.950 %                            | 750.0                                                | 750.0       |
| NiSource                                       | June 2052                        | 5.000 %                            | 350.0                                                | 350.0       |
| Total senior notes                             |                                  |                                    | \$ 12,103.0                                          | \$ 10,853.0 |
| Junior subordinated notes:                     |                                  |                                    |                                                      |             |
| NiSource                                       | November 2054                    | 6.950 %                            | 500.0                                                | —           |
| NiSource                                       | March 2055                       | 6.375 %                            | 500.0                                                | —           |
| Total junior subordinated notes                |                                  |                                    | \$ 1,000.0                                           | \$ —        |
| Medium term notes:                             |                                  |                                    |                                                      |             |
| NiSource                                       | May 2027                         | 7.990 %                            | \$ 29.0                                              | \$ 29.0     |
| NIPSCO                                         | June 2027 to August 2027         | 7.644 %                            | 58.0                                                 | 58.0        |
| Columbia of Massachusetts                      | December 2025 to February 2028   | 6.373 %                            | 15.0                                                 | 15.0        |
| Total medium term notes                        |                                  |                                    | \$ 102.0                                             | \$ 102.0    |
| Finance leases:                                |                                  |                                    |                                                      |             |
| NiSource Corporate Services                    | January 2025 to September 2027   | 3.470 %                            | \$ 14.6                                              | \$ 30.5     |
| NIPSCO                                         | December 2027 to November 2035   | 5.250 %                            | 124.3                                                | 61.2        |
| Columbia of Ohio                               | December 2025 to March 2044      | 6.150 %                            | 85.6                                                 | 90.3        |
| Columbia of Virginia                           | July 2029 to November 2039       | 6.190 %                            | 15.2                                                 | 16.1        |
| Columbia of Kentucky                           | May 2027                         | 5.360 %                            | 0.1                                                  | 0.2         |
| Columbia of Pennsylvania                       | July 2027 to May 2035            | 4.470 %                            | 6.4                                                  | 7.1         |
| Total finance leases                           |                                  |                                    | \$ 246.2                                             | \$ 205.4    |
| Less: Unamortized issuance costs and discounts |                                  |                                    | (95.5)                                               | (81.1)      |
| Less: Current portion of long term debt        |                                  |                                    | (1,281.2)                                            | (23.8)      |
| Total Long-Term Debt                           |                                  |                                    | \$ 12,074.5                                          | \$ 11,055.5 |

Details of our 2024 long-term debt related activity are summarized below:

- On March 14, 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

- On May 16, 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including May 16, 2024 to, but excluding, November 30, 2029 at a rate of 6.950% per annum and (ii) from and including November 30, 2029, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement dated May 13, 2024, which was filed with the SEC on May 14, 2024) as of the then most recent reset interest determination date plus a spread of 2.451%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred. The subordinated notes were issued pursuant to a Subordinated Indenture, dated as of May 16, 2024, between us and The Bank of New York Mellon, as trustee, as supplemented by the First Supplemental Indenture thereto, dated as of May 16, 2024.
- On June 24, 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- On September 9, 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including September 9, 2024 to, but excluding, March 31, 2035 at a rate of 6.375% per annum and (ii) from and including March 31, 2035, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement dated September 3, 2024, which was filed with the SEC on September 4, 2024) as of the then most recent reset interest determination date plus a spread of 2.527%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred. The subordinated notes were issued pursuant to a Subordinated Indenture, dated as of May 16, 2024, between us and The Bank of New York Mellon, as trustee, as supplemented by the Second Supplemental Indenture thereto, dated as of September 9, 2024.

Details of our 2023 long-term debt related activity are summarized below:

- On March 24, 2023, we completed the issuance sale of \$750.0 million of 5.250% senior unsecured notes maturing in 2028, which resulted in approximately \$742.2 million of net proceeds after discount and debt issuance costs.
- On June 8, 2023, we completed the issuance and sale of \$300.0 million of 5.250% senior unsecured notes maturing in 2028 (the "2028 Notes"). The terms of the 2028 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute as a reopening of, our 5.250% senior unsecured notes due 2028 issued on March 24, 2023. With the incremental issuance, we now have \$1.05 billion of 5.250% senior unsecured notes maturing in 2028. On June 8, 2023, we also completed the issuance and sale of \$450.0 million of 5.400% senior unsecured notes maturing in 2033. These issuances resulted in approximately \$742.5 million of total net proceeds after discount and debt issuance costs.

See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2024.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

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**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2024, the ratio was 52.6%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$200 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 15% of our consolidated total assets on December 31, 2022. Additionally, the revolving credit facility requires us to own directly or indirectly at least 70% of NIPSCO. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of \$75.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5.0 million to \$50.0 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

**9. Property, Plant and Equipment**

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

| At December 31, (in millions)                          | 2024                | 2023                |
|--------------------------------------------------------|---------------------|---------------------|
| <b>Property, Plant and Equipment</b>                   |                     |                     |
| Gas Distribution Utility                               | \$ 20,007.2         | \$ 18,154.5         |
| Electric Utility                                       | 8,666.8             | 7,907.9             |
| Corporate                                              | 248.1               | 274.2               |
| Construction Work in Process                           | 2,084.7             | 1,261.1             |
| JV Renewable Generation Assets <sup>(1)</sup>          | 1,434.2             | 1,434.4             |
| Non-Utility and Other                                  | 1,711.9             | 1,450.0             |
| <b>Total Property, Plant and Equipment</b>             | <b>\$ 34,152.9</b>  | <b>\$ 30,482.1</b>  |
| <b>Accumulated Depreciation and Amortization</b>       |                     |                     |
| Gas Distribution Utility                               | \$ (4,166.8)        | \$ (3,924.4)        |
| Electric Utility                                       | (2,707.8)           | (2,709.5)           |
| Corporate                                              | (163.4)             | (174.2)             |
| JV Renewable Generation Assets <sup>(1)</sup>          | (110.4)             | (64.5)              |
| Non-Utility and Other                                  | (1,550.6)           | (1,334.6)           |
| <b>Total Accumulated Depreciation and Amortization</b> | <b>\$ (8,699.0)</b> | <b>\$ (8,207.2)</b> |
| <b>Net Property, Plant and Equipment</b>               | <b>\$ 25,453.9</b>  | <b>\$ 22,274.9</b>  |

<sup>(1)</sup>These JV renewable generation assets owned and operated by JVs between NIPSCO and unrelated tax equity partners represent Non-Utility Property, are depreciated straight-line over 30 years and are part of our NIPSCO Operations segment. Refer to Note 4, "Noncontrolling Interests," for additional information.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2024, 2023 and 2022 were as follows:

|                     | 2024  | 2023  | 2022  |
|---------------------|-------|-------|-------|
| NIPSCO Operations   | 3.0 % | 3.0 % | 2.7 % |
| Columbia Operations | 2.6 % | 2.5 % | 2.4 % |

We recognized depreciation expense of \$820.4 million, \$756.9 million and \$685.0 million for the years ended 2024, 2023 and 2022, respectively. The 2024, 2023 and 2022, depreciation expense includes \$58.9 million, \$12.5 million, and \$11.0 million

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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

related to the regulatory deferral of income associated with our JVs. See Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for additional details.

**Amortization of on-premise Software Costs.** We amortized \$85.2 million, \$77.5 million and \$53.1 million in 2024, 2023 and 2022, respectively, related to software recorded as intangible assets. Our unamortized software balance was \$236.1 million and \$205.6 million at December 31, 2024 and 2023, respectively.

**Amortization of Cloud Computing Costs.** We amortized \$17.7 million, \$12.6 million and \$11.1 million in 2024, 2023 and 2022, respectively, related to cloud computing costs to "Operation and maintenance" expense. Our unamortized cloud computing balance was \$77.5 million and \$32.2 million at December 31, 2024 and 2023, respectively.

**10. Goodwill**

Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. Our goodwill balance was \$1,485.9 million as of December 31, 2024 and 2023. The majority of our goodwill has been allocated to the Columbia Operations segment.

For our annual goodwill impairment analysis performed as of May 1, 2024, we completed a quantitative ("step 1") fair value measurement of our reporting units. Fair value of our reporting units was determined based on a weighting of income and market approaches. The income approach calculated discounted cash flows using updated cash flow projections, discount rates and return on equity assumptions. The market approach applied a combination of comparable company multiples and comparable transactions and used the most recent cash flow projections. The test indicated that the fair value of each of the reporting units that are allocated goodwill exceeded their carrying values, indicating that no impairment was necessary.

**11. Asset Retirement Obligations**

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities (including our JV facilities), certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have an obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

During the fourth quarter of 2024, we continued to evaluate the applicability of revisions to the EPA rule for disposal of CCRs, which was announced in May 2024. As a result, we recorded an increase of \$149.7 million based on initial assessments of estimated costs to comply with the EPA rule for certain sites. Additional costs will be recorded if they become probable and estimable. These costs are expected to be recoverable through existing and future depreciation rates. See Note 19, "Other Commitments and Contingencies - D. Environmental Matters," for additional information on the legacy CCR rule.

Changes in our liability for asset retirement obligations for the years 2024 and 2023 are presented in the table below:

| <i>(in millions)</i>                               | 2024     | 2023     |
|----------------------------------------------------|----------|----------|
| Beginning Balance                                  | \$ 553.0 | \$ 513.5 |
| Accretion recorded as a regulatory asset/liability | 25.3     | 20.0     |
| Additions                                          | 189.9    | 23.5     |
| Settlements                                        | (72.5)   | (41.6)   |
| Change in estimated cash flows                     | 87.5     | 37.6     |
| Ending Balance                                     | \$ 783.2 | \$ 553.0 |

Certain non-legal costs of removal not yet incurred but have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

## **12. Regulatory Matters**

### **Regulatory Assets and Liabilities**

We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures when the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates will be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers. We assess the probability of collection for all of our regulatory assets each period.



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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

Regulatory assets were comprised of the following items:

| At December 31, (in millions)                                                 | 2024              | 2023              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Assets</b>                                                      |                   |                   |
| Unrecognized pension and other postretirement benefit costs (see Note 16)     | \$ 485.3          | \$ 561.6          |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 45.3              | 59.7              |
| Environmental costs (see Note 19-D.)                                          | 42.8              | 40.6              |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 172.0             | 163.5             |
| Under-recovered gas and fuel costs (see Note 1-J.)                            | 82.3              | 12.7              |
| Depreciation                                                                  | 214.9             | 201.9             |
| Post-in-service carrying charges                                              | 280.8             | 269.9             |
| Safety activity costs                                                         | 203.7             | 206.6             |
| DSM programs                                                                  | 17.8              | 25.0              |
| Retired coal generating stations                                              | 617.0             | 682.0             |
| Losses on commodity price risk programs (See Note 13)                         | 6.5               | 24.4              |
| Deferred property taxes                                                       | 75.9              | 72.3              |
| Renewable energy investments                                                  | 81.3              | 60.8              |
| WAM system filing                                                             | 21.5              | —                 |
| Customer assistance programs                                                  | 24.4              | —                 |
| Other                                                                         | 105.8             | 79.2              |
| <b>Total Regulatory Assets</b>                                                | <b>\$ 2,477.3</b> | <b>\$ 2,460.2</b> |
| <b>Less: Current Portion</b>                                                  | <b>319.9</b>      | <b>214.3</b>      |
| <b>Total Noncurrent Regulatory Assets</b>                                     | <b>\$ 2,157.4</b> | <b>\$ 2,245.9</b> |

Regulatory liabilities were comprised of the following items:

| At December 31, (in millions)                                                 | 2024              | 2023              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Liabilities</b>                                                 |                   |                   |
| Over-recovered gas and fuel costs (see Note 1-J.)                             | \$ 21.4           | \$ 144.5          |
| Cost of removal (see Note 11)                                                 | 482.8             | 597.2             |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 827.0             | 849.9             |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 40.4              | 54.0              |
| Gains on commodity price risk programs (See Note 13)                          | 28.7              | 23.3              |
| Customer assistance programs                                                  | 9.4               | 19.8              |
| Off-system sales sharing                                                      | 21.4              | 19.0              |
| Renewable energy investments (See Note 1-S. and Note 4)                       | 77.0              | 18.1              |
| Rate refunds                                                                  | 16.6              | 16.1              |
| Other                                                                         | 57.0              | 47.4              |
| <b>Total Regulatory Liabilities</b>                                           | <b>\$ 1,581.7</b> | <b>\$ 1,789.3</b> |
| <b>Less: Current Portion</b>                                                  | <b>150.5</b>      | <b>278.6</b>      |
| <b>Total Noncurrent Regulatory Liabilities</b>                                | <b>\$ 1,431.2</b> | <b>\$ 1,510.7</b> |

Regulatory assets, including under-recovered gas and fuel costs and depreciation, of approximately \$671.3 million and \$716.4 million as of December 31, 2024 and 2023, respectively, are not earning a return on investment. These costs are recovered over a remaining life of between 15 and 75 years.



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NISOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Assets:**

**Unrecognized pension and other postretirement benefit costs.** Represents the deferred other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs by certain subsidiaries that will ultimately be recovered through base rates.

**Deferred pension and other postretirement benefit costs.** Primarily relates to the difference between defined benefit plan expense recorded by certain subsidiaries due to regulatory orders and the corresponding expense that would otherwise be recorded in accordance with GAAP. This balance is driven by Columbia of Ohio deferrals.

**Environmental costs.** Includes certain recoverable costs related to gas plant sites, disposal sites or other sites onto which material may have migrated, the recovery of which is to be addressed in future base rates, billing riders or tracking mechanisms of certain of our subsidiaries.

**Regulatory effects of accounting for income taxes.** Represents the deferral and under collection of deferred taxes in the rate making process.

**Under-recovered gas and fuel costs.** Represents the difference between the costs of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects, and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

**Depreciation.** Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Post-in-service carrying charges.** Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Safety activity costs.** Represents the difference between costs incurred by certain of our subsidiaries in eligible safety programs in compliance with PHMSA regulations in excess of those being recovered in rates. The majority of this balance is driven by Columbia of Ohio, which began recovery in March 2023 through base rates.

**DSM programs.** Represents costs associated with Columbia Operations and NIPSCO Operations energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

**Retired coal generating stations.** Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018 and the net book value of Units 14 and 15 of R.M. Schahfer Generating Station retired in 2021. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates. The August 2023 NIPSCO electric rate case order extends the recovery of, and on, the net book value of the stations by the end of 2034 and implements a revenue credit for the retired units. The credit is based on the difference between the year-end value of Units 14 and 15 and the most recent value established in the last base rate case proceeding or credit compliance filing.

**Losses on commodity price risk programs.** Represents the unrealized losses related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices and these amounts are collected from customers through their inclusion in customer rates.

**Deferred property taxes.** Represents the deferral and under collection of property taxes in the rate making process for Columbia of Ohio and is driven by the IRP and CEP deferrals.

**Renewable energy investments.** Represents the regulatory deferral of renewable energy formation and developer costs.

**WAM system filing.** Represents the deferral of certain costs, including depreciation and amortization incurred in connection with improvements to its information technology systems through the design, development, and implementation of a new WAM program for the scheduling, dispatch, and execution of work and the management of underlying assets.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be collected from customers.

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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Liabilities:**

**Over-recovered gas and fuel costs.** Represents the difference between the cost of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects and, the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

**Cost of removal.** Represents anticipated costs of removal for utility assets that have been collected through depreciation rates for future costs to be incurred.

**Regulatory effects of accounting for income taxes.** Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2024 and federal tax credits generated by Cavalry solar facility that are passed back to customers. For discussion of the regulatory impact of the NIPSCO Minority Interest Transaction on deferred taxes, see Note 15, "Income Taxes," for additional details.

**Deferred pension and other postretirement benefit costs.** Primarily represents cash contributions in excess of postretirement benefit expense that is deferred by certain subsidiaries.

**Gains on commodity price risk programs.** Represents the unrealized gains related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices, and these amounts are passed back to customers through their inclusion in customer rates.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be refunded to customers.

**Renewable energy investments.** Represents the regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The offset to the regulatory liability associated with our renewable investments is recorded in "Depreciation expense" on the Statements of Consolidated Comprehensive Income. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," Note 4, "Noncontrolling Interests," and Note 9, "Property, Plant and Equipment," for additional information.

**Rate Refunds.** Represents supplier refunds received by the company that are owed to customers and will be remitted and amounts that are being collected in rates subject to refund.

**Off System Sales Sharing.** Represents amounts to be passed back to the customers as a result of Off System sales that is shared between the company and the customer.

**Regulatory Filings**

Renewable generation filings

In March 2024, NIPSCO filed a petition with the IURC to issue an order modifying its November 22, 2023 order to approve direct ownership of the Gibson project. Also, in March 2024, NIPSCO filed a petition with the IURC to issue an order modifying its June 29, 2021 order to approve direct ownership of the Fairbanks project. Hearings for both the Gibson project and Fairbanks project were held in June 2024 and July 2024, respectively, with orders approving direct ownership of both projects received in August 2024.

NIPSCO Gas peaker filing

In September 2023, NIPSCO filed a request for issuance of a CPCN for an approximately 400 MW natural gas peaking generation facility with the IURC, which was supplemented in January 2024 based on updates on availability of certain key equipment. A final order was received in October 2024 approving the request.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

[NIPSCO Electric rate case filing](#)

On February 7, 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC. New rates proposed to be implemented in 2 steps, with implementation of Step 1 rates effective no later than September 2025 and Step 2 rates to be effective no later than March 2026.

[Columbia of Virginia rate case filing](#)

Columbia of Virginia and the intervening parties, with the exception of the Office of the Attorney General, filed a Joint Stipulation and Proposed Recommendation for settlement on December 5, 2024 for an annual revenue increase of \$28.2 million, net of SAVE. Rates became effective on an as filed basis in October 2024 and we have recorded a regulatory liability to reflect the pending settlement.

**13. Risk Management Activities**

We are exposed to certain risks related 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 limit volatility in the price of natural gas, and manage interest rate exposure.

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

| (in millions)                                     | December 31, 2024 |               | December 31, 2023 |               |
|---------------------------------------------------|-------------------|---------------|-------------------|---------------|
|                                                   | Assets            | Liabilities   | Assets            | Liabilities   |
| <b>Current<sup>(1)</sup></b>                      |                   |               |                   |               |
| Derivatives not designated as hedging instruments | \$ 9.1            | \$ 2.3        | \$ 1.1            | \$ 7.5        |
| <b>Total</b>                                      | <b>\$ 9.1</b>     | <b>\$ 2.3</b> | <b>\$ 1.1</b>     | <b>\$ 7.5</b> |
| <b>Noncurrent<sup>(2)</sup></b>                   |                   |               |                   |               |
| Derivatives not designated as hedging instruments | \$ 17.9           | \$ 1.2        | \$ 22.2           | \$ 1.9        |
| <b>Total</b>                                      | <b>\$ 17.9</b>    | <b>\$ 1.2</b> | <b>\$ 22.2</b>    | <b>\$ 1.9</b> |

<sup>(1)</sup> Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Consolidated Balance Sheets.

<sup>(2)</sup> Noncurrent assets and liabilities are presented in "Deferred charges and other" and "Other noncurrent liabilities and deferred credits", respectively, on the Consolidated Balance Sheets.

Our derivative instruments are subject to enforceable master netting arrangements or similar agreements. No collateral was either received or posted related to our outstanding derivative positions at December 31, 2024 and 2023. If the above gross asset and liability positions were presented net of amounts owed or receivable from counterparties, we would report a net asset position of \$23.5 million and \$13.9 million at December 31, 2024 and 2023, respectively.

[Derivatives Not Designated as Hedging Instruments](#)

**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. As of December 31, 2024 and 2023, we had 77.8 MMDth and 76.1 MMDth, respectively, of net energy derivative volumes outstanding related to our natural gas hedges.

NIPSCO has received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments and is limited to 20% of NIPSCO's average annual GCA purchase volume. As of December 31, 2024, the remaining terms of these instruments range from one to three years. Likewise, Columbia of Pennsylvania has received approval for a 24-month rolling hedge program. The hedging program was executed in December 2023, with an effective date of April 1, 2024 and will continue in perpetuity. The program is designed to financially hedge approximately 20% of the customer's annual demand. All gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through the relevant cost recovery mechanism.

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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Derivatives Designated as Hedging Instruments

**Interest rate risk management.** As of December 31, 2024 and 2023, we had no forward-starting interest rate swaps outstanding.

The overall net loss related to our multiple settled interest rate swaps is recorded to AOCI. We amortize the net loss over the life of the debt associated with these swaps as we recognize interest expense. These amounts are immaterial in 2024, 2023 and 2022 and are recorded in "Interest expense, net" on the Statements of Consolidated Income.

Cash flows for derivative financial instruments are generally classified as operating activities.

**14. Fair Value**

**A. Fair Value Measurements**

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2024 and December 31, 2023:

| Recurring Fair Value Measurements<br>December 31, 2024 (in millions) | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2024 |
|----------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                        |                                                                         |                                                     |                                                    |                                    |
| U.S. Treasury debt securities <sup>(1)</sup>                         | \$ 80.1                                                                 | \$ —                                                | \$ —                                               | \$ 80.1                            |
| Risk management assets                                               | —                                                                       | 27.0                                                | —                                                  | 27.0                               |
| Available-for-sale debt securities                                   | —                                                                       | 86.7                                                | —                                                  | 86.7                               |
| <b>Total</b>                                                         | <b>\$ 80.1</b>                                                          | <b>\$ 113.7</b>                                     | <b>\$ —</b>                                        | <b>\$ 193.8</b>                    |
| <b>Liabilities</b>                                                   |                                                                         |                                                     |                                                    |                                    |
| Risk management liabilities                                          | \$ —                                                                    | \$ 3.5                                              | \$ —                                               | \$ 3.5                             |
| <b>Total</b>                                                         | <b>\$ —</b>                                                             | <b>\$ 3.5</b>                                       | <b>\$ —</b>                                        | <b>\$ 3.5</b>                      |

<sup>(1)</sup> Treasury bills are presented in "Cash and cash equivalents" and "Restricted cash" on the Consolidated Balance Sheets.

| Recurring Fair Value Measurements<br>December 31, 2023 (in millions) | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2023 |
|----------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                        |                                                                         |                                                     |                                                    |                                    |
| Risk management assets                                               | \$ —                                                                    | \$ 23.3                                             | \$ —                                               | \$ 23.3                            |
| Available-for-sale debt securities                                   | —                                                                       | 159.1                                               | —                                                  | 159.1                              |
| <b>Total</b>                                                         | <b>\$ —</b>                                                             | <b>\$ 182.4</b>                                     | <b>\$ —</b>                                        | <b>\$ 182.4</b>                    |
| <b>Liabilities</b>                                                   |                                                                         |                                                     |                                                    |                                    |
| Risk management liabilities                                          | \$ —                                                                    | \$ 9.4                                              | \$ —                                               | \$ 9.4                             |
| <b>Total</b>                                                         | <b>\$ —</b>                                                             | <b>\$ 9.4</b>                                       | <b>\$ —</b>                                        | <b>\$ 9.4</b>                      |

**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.

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NI SOURCE INC.

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

*Level 1-* 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. These financial assets and liabilities are deemed to be cleared and settled daily by NYMEX as the related cash collateral is posted with the exchange. As a result of this exchange rule, NYMEX derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and are subject to future commodity price fluctuations until they are settled in accordance with their contractual terms.

*Level 2-* 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.

*Level 3-* 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 that reduce exposures. As of December 31, 2024 and 2023, 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.

NIPSCO and Columbia of Pennsylvania have entered into long-term forward natural gas purchase instruments to lock in a fixed price for their 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 13, "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.

Our available-for-sale debt securities impairments are recognized periodically using an allowance approach. 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 the security's fair value is less than its amortized cost basis. If certain amounts recorded 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. As of December 31, 2024 and December 31, 2023, we recorded \$0.1 million and \$0.6 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.

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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at December 31, 2024 and 2023 were:

| December 31, 2024 (in millions)           | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses <sup>(1)</sup> | Allowance for Credit Losses | Fair Value     |
|-------------------------------------------|----------------|------------------------|----------------------------------------|-----------------------------|----------------|
| <b>Available-for-sale debt securities</b> |                |                        |                                        |                             |                |
| Corporate/Other debt securities           | \$ 91.9        | \$ 0.5                 | \$ (5.6)                               | \$ (0.1)                    | \$ 86.7        |
| <b>Total</b>                              | <b>\$ 91.9</b> | <b>\$ 0.5</b>          | <b>\$ (5.6)</b>                        | <b>\$ (0.1)</b>             | <b>\$ 86.7</b> |

| December 31, 2023 (in millions)           | Amortized Cost  | Gross Unrealized Gains | Gross Unrealized Losses <sup>(2)</sup> | Allowance for Credit Losses | Fair Value      |
|-------------------------------------------|-----------------|------------------------|----------------------------------------|-----------------------------|-----------------|
| <b>Available-for-sale debt securities</b> |                 |                        |                                        |                             |                 |
| U.S. Treasury debt securities             | \$ 63.8         | \$ —                   | \$ (3.2)                               | \$ —                        | \$ 60.6         |
| Corporate/Other debt securities           | 105.2           | 0.8                    | (6.9)                                  | (0.6)                       | 98.5            |
| <b>Total</b>                              | <b>\$ 169.0</b> | <b>\$ 0.8</b>          | <b>\$ (10.1)</b>                       | <b>\$ (0.6)</b>             | <b>\$ 159.1</b> |

<sup>(1)</sup> Fair value of Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$70.1 million at December 31, 2024.

<sup>(2)</sup> 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 \$58.7 million and \$74.8 million, respectively, at December 31, 2023.

Realized gains and losses on available-for-sale securities was \$2.3 million for the year ended December 31, 2024 and \$1.0 million for 2023.

The cost of maturities sold is based upon specific identification. At December 31, 2024, approximately \$10.9 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 for the years ended December 31, 2024 and 2023.

Additional plan investments in corporate-owned life insurance are recorded at their cash surrender value, not fair value, and therefore are not included above. These plan investments are classified as "Other investments" on the Consolidated Balance Sheets.

Non-recurring Fair Value Measurements

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

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

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

**Long-term debt.** The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the years ended December 31, 2024 and 2023, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

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

| At December 31, (in millions)              | Carrying<br>Amount<br>2024 | Estimated<br>Fair Value<br>2024 | Carrying<br>Amount<br>2023 | Estimated<br>Fair Value<br>2023 |
|--------------------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
| Long-term debt (including current portion) | \$ 13,355.7                | \$ 12,505.2                     | \$ 11,079.3                | \$ 10,370.9                     |

**15. Income Taxes**

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws and associated regulations involves uncertainty as taxing authorities may interpret the laws differently.

NIPSCO's historical business activities through the closing of the NIPSCO Minority Interest Transaction in 2023 were included in the consolidated U.S. federal and certain state income tax returns of NiSource Inc. Historically, NIPSCO has been treated as a taxable division of its corporate parent, NiSource Inc., and then as a division of NIPSCO Holdings I effective April 13, 2023. In connection with the NIPSCO Minority Interest Transaction, NIPSCO Holdings I retained NIPSCO's income tax balances and 80.1% of the excess deferred income tax regulatory balances as described below. NIPSCO Holdings I's income tax balances are based on the difference between the financial statement amount and the tax basis of its investment in NIPSCO Holdings II.

**Income Tax Expense.** The components of income tax expense (benefit) were as follows:

| Year Ended December 31, (in millions)                            | 2024      | 2023     | 2022     |
|------------------------------------------------------------------|-----------|----------|----------|
| <b>Income Taxes</b>                                              |           |          |          |
| Current                                                          |           |          |          |
| Federal                                                          | \$ (19.3) | \$ —     | \$ 0.4   |
| State                                                            | 9.4       | 5.3      | 7.3      |
| Total Current (Benefit) Expense                                  | (9.9)     | 5.3      | 7.7      |
| Deferred                                                         |           |          |          |
| Federal                                                          |           |          |          |
| Taxes before operating loss carryforwards and investment credits | 105.9     | 49.7     | 87.9     |
| Tax utilization expense of operating loss carryforwards          | 60.4      | 65.1     | 93.1     |
| Investment tax credits                                           | (0.1)     | (2.1)    | —        |
| State                                                            | 2.6       | 22.5     | (23.0)   |
| Total Deferred Expense                                           | 168.8     | 135.2    | 158.0    |
| Deferred Investment Tax Credits                                  | (0.8)     | (1.0)    | (1.1)    |
| <b>Income Taxes from Continuing Operations</b>                   | \$ 158.1  | \$ 139.5 | \$ 164.6 |

In connection with the NIPSCO Minority Interest Transaction during 2023, NiSource recognized a \$63.5 million income tax benefit in additional paid in capital related to 19.9% of NIPSCO's excess deferred income taxes attributable to Blackstone's noncontrolling interest. This benefit does not impact NIPSCO's regulatory books or the excess deferred taxes that will benefit customers through lower future rates in accordance with applicable regulatory orders. See Note 4, "Noncontrolling Interests," for further discussion of the NIPSCO Minority Interest Transaction.



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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Statutory Rate Reconciliation.** The following table represents a reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense from continuing operations:

| Year Ended December 31, (in millions)                          | 2024 |         | 2023   |          | 2022   |          |
|----------------------------------------------------------------|------|---------|--------|----------|--------|----------|
| Book income before income taxes                                | \$   | 1,002.8 | \$     | 813.9    | \$     | 956.4    |
| Tax expense at statutory federal income tax rate               |      | 210.6   | 21.0 % | 170.8    | 21.0 % | 200.8    |
| Increases (reductions) in taxes resulting from:                |      |         |        |          |        |          |
| State income taxes, net of federal income tax benefit          |      | 11.7    | 1.2    | 13.7     | 1.7    | 4.5      |
| Amortization of regulatory liabilities                         |      | (11.1)  | (1.1)  | (38.2)   | (4.7)  | (38.5)   |
| Employee stock ownership plan dividends and other compensation |      | (1.3)   | (0.1)  | (1.3)    | (0.2)  | (1.2)    |
| Federal tax credits                                            |      | (23.3)  | (2.3)  | (4.9)    | (0.6)  | (2.3)    |
| Tax effect of non-controlling Interest                         |      | (27.3)  | (2.7)  | —        | —      | —        |
| Other adjustments                                              |      | (1.2)   | (0.2)  | (0.6)    | (0.1)  | 1.3      |
| Income Taxes                                                   | \$   | 158.1   | 15.8 % | \$ 139.5 | 17.1 % | \$ 164.6 |
|                                                                |      |         |        |          |        | 17.2 %   |

The increase in tax expense of \$18.6 million in 2024 versus 2023 was primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest, and higher federal tax credits generated by the Cavalry solar and storage facility that are offset in a regulatory liability to pass back to customers in future periods.

The decrease in the Amortization of Regulatory Liabilities in 2024 versus 2023 was primarily due to the regulatory liability established for the Cavalry tax credits generated in 2024, net of TCJA excess deferred amortization which decreased approximately \$7.9 million from the prior year.

The difference in tax expense of \$25.1 million in 2023 versus 2022 was primarily due to lower pre-tax income.



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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**Net Deferred Income Tax Liability Components.** Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liabilities were as follows:

| At December 31, (in millions)                                                     | 2024              | 2023              |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax liabilities</b>                                                   |                   |                   |
| Accelerated depreciation and other property differences                           | \$ 1,419.4        | \$ 1,384.8        |
| Partnership basis differences                                                     | 1,328.6           | 1,241.9           |
| Other regulatory assets                                                           | 210.1             | 212.1             |
| <b>Total Deferred Tax Liabilities</b>                                             | <b>2,958.1</b>    | <b>2,838.8</b>    |
| <b>Deferred tax assets</b>                                                        |                   |                   |
| Other regulatory liabilities and deferred investment tax credits (including TCJA) | 170.4             | 182.2             |
| Pension and other postretirement/postemployment benefits                          | 58.8              | 58.6              |
| Loss and credit carryforwards                                                     | 369.4             | 422.9             |
| Environmental liabilities                                                         | 12.2              | 10.1              |
| Other accrued liabilities                                                         | 43.4              | 40.3              |
| Other, net                                                                        | 28.7              | 50.7              |
| <b>Total Deferred Tax Assets</b>                                                  | <b>682.9</b>      | <b>764.8</b>      |
| Valuation Allowance                                                               | (6.4)             | (6.4)             |
| <b>Net Deferred Tax Assets</b>                                                    | <b>676.5</b>      | <b>758.4</b>      |
| <b>Net Deferred Tax Liabilities</b>                                               | <b>\$ 2,281.6</b> | <b>\$ 2,080.4</b> |

In connection with the NIPSCO Minority Interest Transaction, NIPSCO's deferred taxes were removed from its GAAP books and were reconstituted as deferred taxes on the outside basis difference of NiSource's investment in NIPSCO Holdings II. These deferred taxes are reflected as partnership basis differences above.

NiSource has the following deductible loss and credit carryforwards:

| At December 31, 2024 (in millions) | Deductible Amount | Deferred Tax Asset | Valuation Allowance | Expiration Period |
|------------------------------------|-------------------|--------------------|---------------------|-------------------|
| Federal losses                     | \$ 1,369.1        | \$ 287.5           | \$ —                | 2037              |
| Federal investment tax credits     | —                 | 2.2                | —                   | 2043              |
| Federal production tax credits     | —                 | 1.0                | —                   | 2040-2043         |
| Federal other credit               | —                 | 17.3               | —                   | 2029-2043         |
| State losses                       | 2,024.4           | 81.9               | (6.4)               | 2031-2037         |
| <b>Total</b>                       |                   | <b>\$ 389.9</b>    | <b>\$ (6.4)</b>     |                   |

We believe it is not more likely than not that a portion of the benefit from certain state net operating loss carryforwards will be realized. We have recorded a valuation allowance of \$6.4 million on the deferred tax assets related to sale of Massachusetts Business assets reflected in the state net operating loss carryforward presented above.

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**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Unrecognized Tax Benefits.** A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| At December 31, 2024 (in millions)                    | 2024    | 2023    | 2022    |
|-------------------------------------------------------|---------|---------|---------|
| <b>Opening Balance</b>                                | \$ 21.7 | \$ 21.7 | \$ 21.7 |
| Gross decreases - tax positions in prior period       | —       | —       | —       |
| Gross increases - current period tax positions        | —       | —       | —       |
| <b>Ending Balance</b>                                 | \$ 21.7 | \$ 21.7 | \$ 21.7 |
| Offset for net operating loss carryforwards           | (21.7)  | (21.7)  | (21.7)  |
| <b>Balance, Less Net Operating Loss Carryforwards</b> | \$ —    | \$ —    | \$ —    |

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP, which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2024, tax years through 2021 have been audited and are closed to further assessment. The Company has transitioned to the Bridge Phase of the IRS CAP for the year ended December 31, 2022 and participated in the Bridge Plus pilot program in 2022 and 2023. NiSource received a full acceptance letter from the IRS for its 2022 return, but has not yet received a final acceptance letter from the IRS for its 2023 return. However, no adjustments are expected, and the year is effectively closed to further assessment.

The statute of limitations in each of the state jurisdictions in which we operate remains open between 3-4 years from the date the state income tax returns are filed. As of December 31, 2024, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is obligated to report adjustments resulting from IRS audits or settlements to state taxing authorities. In addition, if NiSource utilizes net operating losses or tax credits generated in years for which the statute of limitations has expired, such amounts are generally subject to examination.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 which provides a safe harbor method of accounting that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve linear property and non-linear natural gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. On June 3, 2024, the IRS extended the favorable rules to a Year 2 adoption period. The Company is planning to elect this change in tax accounting method with its 2024 consolidated tax return filing in the upcoming year and continues to analyze and quantify the provisions of the safe harbor method of accounting.

**16. Pension and Other Postemployment Benefits**

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

**Our Pension and Other Postretirement Benefit Plans' Asset Management.** The Board has delegated oversight of the pension and other postretirement benefit plans' assets to the NiSource Benefits Committee (the "Committee"). The Committee has adopted investment policy statements for the pension and other postretirement benefit plans' assets. For the pension plans, we employ a liability-driven investing strategy. A total return approach is utilized for the other postretirement benefit plans' assets. A mix of diversified investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. The investment portfolio includes U.S. and non-U.S. equities, real estate, long-term and intermediate-term fixed income and alternative investments. Risk tolerance is established through careful consideration of plan liabilities, funded status, and asset class volatility. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

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**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

In determining the expected long-term rate of return on plan assets, historical markets are studied, relationships between equities and fixed income are analyzed and current market factors, such as inflation and interest rates are evaluated with consideration of diversification and rebalancing. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding long-term capital market assumptions for each asset class. The pension plans' investment policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans' increase.

As of December 31, 2024 and December 31, 2023, the acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

| December 31, 2024<br><b>Asset Category</b> | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|--------------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                            | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                          | 10%                          | 30%     | 0%                          | 55%     |
| International Equities                     | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                               | 65%                          | 75%     | 20%                         | 100%    |
| Real Estate                                | 0%                           | 0%      | 0%                          | 0%      |
| Private Equity                             | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments                     | 0%                           | 10%     | 0%                          | 10%     |

| December 31, 2023<br><b>Asset Category</b> | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|--------------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                            | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                          | 10%                          | 30%     | 0%                          | 55%     |
| International Equities                     | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                               | 65%                          | 75%     | 20%                         | 100%    |
| Real Estate                                | 0%                           | 0%      | 0%                          | 0%      |
| Private Equity                             | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments                     | 0%                           | 10%     | 0%                          | 10%     |

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The actual Pension Plan and Postretirement Plan Asset Mix at December 31, 2024 and December 31, 2023 are as follows:

| <b>Asset Class (in millions)</b> | Defined Benefit<br>Pension Assets <sup>(1)</sup> | December 31,<br>2024 | Postretirement<br>Benefit Plan Assets | December 31,<br>2024 |
|----------------------------------|--------------------------------------------------|----------------------|---------------------------------------|----------------------|
|                                  | Asset Value                                      | % of Total Assets    | Asset Value                           | % of Total Assets    |
| Domestic Equities                | \$ 258.9                                         | 19.4 %               | \$ 99.6                               | 40.9 %               |
| International Equities           | 122.5                                            | 9.2 %                | 40.7                                  | 16.7 %               |
| Fixed Income                     | 891.2                                            | 66.7 %               | 96.5                                  | 39.6 %               |
| Real Estate                      | 4.0                                              | 0.3 %                | —                                     | —                    |
| Cash/Other                       | 59.8                                             | 4.4 %                | 6.7                                   | 2.8 %                |
| <b>Total</b>                     | <b>\$ 1,336.4</b>                                | <b>100.0 %</b>       | <b>\$ 243.5</b>                       | <b>100.0 %</b>       |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

| <b>Asset Class (in millions)</b> | Defined Benefit<br>Pension Assets <sup>(1)</sup> | December 31,<br>2023 | Postretirement<br>Benefit Plan Assets <sup>(1)</sup> | December 31,<br>2023 |
|----------------------------------|--------------------------------------------------|----------------------|------------------------------------------------------|----------------------|
|                                  | Asset Value                                      | % of Total Assets    | Asset Value                                          | % of Total Assets    |
| Domestic Equities                | \$ 261.7                                         | 18.3 %               | \$ 93.7                                              | 39.6 %               |
| International Equities           | 141.9                                            | 9.9 %                | 40.7                                                 | 17.2 %               |
| Fixed Income                     | 939.9                                            | 65.9 %               | 97.0                                                 | 41.0 %               |
| Real Estate                      | 4.0                                              | 0.3 %                | —                                                    | —                    |
| Cash/Other                       | 79.3                                             | 5.6 %                | 5.1                                                  | 2.2 %                |
| <b>Total</b>                     | <b>\$ 1,426.8</b>                                | <b>100.0 %</b>       | <b>\$ 236.5</b>                                      | <b>100.0 %</b>       |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

The categorization of investments into the asset classes in the tables above are based on definitions established by the Committee.

**Fair Value Measurements.** The following table sets forth, by level within the fair value hierarchy, the pension and other postretirement benefits investment assets at fair value as of December 31, 2024 and 2023. Assets are classified in their entirety based on the observability of inputs used in determining the fair value measurement. There were no material investment assets in the pension and other postretirement benefits trusts classified within Level 3 for the years ended December 31, 2024 and 2023.

We use the following valuation techniques to determine fair value. For the year ended December 31, 2024, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

*Level 1 Measurements*

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost, which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

*Level 2 Measurements*

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

*Level 3 Measurements*

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

*Not Classified*

Commingled funds, private equity limited partnerships and real estate partnerships are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity funds invest capital in non-public companies and real estate funds invest in commercial and distressed real estate directly or through related debt instruments. The fair value of these investments is determined by reference to the funds' underlying assets.

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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Fair Value Measurements at December 31, 2024:

| <i>(in millions)</i>                                              | December 31,<br>2024 | Quoted Prices in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs (Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                  |                                                 |
| Cash                                                              | \$ 1.2               | \$ 1.1                                                                  | \$ 0.1                                           | \$ —                                            |
| Fixed income securities                                           |                      |                                                                         |                                                  |                                                 |
| Government                                                        | 186.8                | —                                                                       | 186.8                                            | —                                               |
| Corporate                                                         | 486.6                | —                                                                       | 486.6                                            | —                                               |
| Mortgages/ Asset Backed Securities                                | 3.6                  | —                                                                       | 3.6                                              | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy                                               | 56.1                 | 56.1                                                                    | —                                                | —                                               |
| International equities                                            | 57.2                 | 57.2                                                                    | —                                                | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 3.1                  | —                                                                       | —                                                | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.8                  | —                                                                       | —                                                | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                       | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                  |                                                 |
| Short-term money markets                                          | 45.9                 | —                                                                       | —                                                | —                                               |
| U.S. equities                                                     | 202.8                | —                                                                       | —                                                | —                                               |
| International equities                                            | 65.3                 | —                                                                       | —                                                | —                                               |
| Fixed income                                                      | 214.1                | —                                                                       | —                                                | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,327.6</b>    | <b>\$ 114.4</b>                                                         | <b>\$ 677.1</b>                                  | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                  |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy                                               | 87.4                 | 87.4                                                                    | —                                                | —                                               |
| International equities                                            | 16.5                 | 16.5                                                                    | —                                                | —                                               |
| Fixed income                                                      | 96.5                 | 96.5                                                                    | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                  |                                                 |
| Short-term money markets                                          | 6.7                  | —                                                                       | —                                                | —                                               |
| U.S. equities                                                     | 12.2                 | —                                                                       | —                                                | —                                               |
| International equities                                            | 24.2                 | —                                                                       | —                                                | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 243.5</b>      | <b>\$ 200.4</b>                                                         | <b>\$ —</b>                                      | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.1)                | —                                                                       | (0.1)                                            | —                                               |
| Accrued income/dividends                                          | 8.9                  | 8.9                                                                     | —                                                | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,579.9</b>    | <b>\$ 323.7</b>                                                         | <b>\$ 677.0</b>                                  | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2024:

| <i>(in millions)</i>                                               | Fair Value      | Redemption Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|-----------------|----------------------|--------------------------|
| <b>Commingled Funds</b>                                            |                 |                      |                          |
| Short-term money markets                                           | \$ 52.6         | Daily                | 1 day                    |
| U.S. equities                                                      | 215.0           | Daily                | 1 day - 5 days           |
| International equities                                             | 89.5            | Monthly              | 10 days-30 days          |
| Fixed income                                                       | 214.1           | Daily                | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 8.0             | N/A                  | N/A                      |
| <b>Total</b>                                                       | <b>\$ 579.2</b> |                      |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

Fair Value Measurements at December 31, 2023:

| <i>(in millions)</i>                                              | December 31,<br>2023 | Quoted Prices in Active<br>Markets for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs (Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|----------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                      |                                                  |                                                 |
| Cash                                                              | \$ 2.2               | \$ 2.0                                                               | \$ 0.2                                           | \$ —                                            |
| Equity securities                                                 |                      |                                                                      |                                                  |                                                 |
| International equities                                            | 1.1                  | 1.1                                                                  | —                                                | —                                               |
| Fixed income securities                                           |                      |                                                                      |                                                  |                                                 |
| Government                                                        | 213.1                | —                                                                    | 213.1                                            | —                                               |
| Corporate                                                         | 482.2                | —                                                                    | 482.2                                            | —                                               |
| Mortgages/Asset backed securities                                 | 2.4                  | —                                                                    | 2.4                                              | —                                               |
| Mutual Funds                                                      |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy                                               | 113.1                | 113.1                                                                | —                                                | —                                               |
| International equities                                            | 38.5                 | 38.5                                                                 | —                                                | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 4.8                  | —                                                                    | —                                                | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 1.2                  | —                                                                    | —                                                | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                    | —                                                | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                    | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                      |                                                  |                                                 |
| Short-term money markets                                          | 65.3                 | —                                                                    | —                                                | —                                               |
| U.S. equities                                                     | 148.5                | —                                                                    | —                                                | —                                               |
| International equities                                            | 102.3                | —                                                                    | —                                                | —                                               |
| Fixed income                                                      | 242.2                | —                                                                    | —                                                | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,421.0</b>    | <b>\$ 154.7</b>                                                      | <b>\$ 697.9</b>                                  | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                      |                                                  |                                                 |
| Mutual funds                                                      |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy                                               | 82.4                 | 82.4                                                                 | —                                                | —                                               |
| International equities                                            | 18.0                 | 18.0                                                                 | —                                                | —                                               |
| Fixed income                                                      | 97.0                 | 97.0                                                                 | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                      |                                                  |                                                 |
| Short-term money markets                                          | 5.2                  | —                                                                    | —                                                | —                                               |
| U.S. equities                                                     | 11.4                 | —                                                                    | —                                                | —                                               |
| International equities                                            | 22.8                 | —                                                                    | —                                                | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 236.8</b>      | <b>\$ 197.4</b>                                                      | <b>\$ —</b>                                      | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (2.7)                | —                                                                    | (2.7)                                            | —                                               |
| Accrued income/dividends                                          | 8.5                  | 8.5                                                                  | —                                                | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,663.6</b>    | <b>\$ 360.6</b>                                                      | <b>\$ 695.2</b>                                  | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.



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**NISOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2023:

| <i>(in millions)</i>                                               | Fair Value      | Redemption<br>Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|-----------------|-------------------------|--------------------------|
| Commingled Funds                                                   |                 |                         |                          |
| Short-term money markets                                           | \$ 70.5         | Daily                   | 1 day                    |
| U.S. equities                                                      | 159.9           | Daily                   | 1 day -5 days            |
| International equities                                             | 125.1           | Monthly                 | 10 days - 30 days        |
| Fixed income                                                       | 242.2           | Daily                   | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 10.1            | N/A                     | N/A                      |
| <b>Total</b>                                                       | <b>\$ 607.8</b> |                         |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

**Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure.** The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

| (in millions)                                                                                                   | Pension Benefits  |                   | Other Postretirement Benefits |                   |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
|                                                                                                                 | 2024              | 2023              | 2024                          | 2023              |
| <b>Change in projected benefit obligation<sup>(1)</sup></b>                                                     |                   |                   |                               |                   |
| Benefit obligation at beginning of year                                                                         | \$ 1,401.8        | \$ 1,427.4        | \$ 468.8                      | \$ 449.0          |
| Service cost                                                                                                    | 21.9              | 20.5              | 5.0                           | 5.1               |
| Interest cost                                                                                                   | 64.9              | 68.4              | 22.0                          | 21.8              |
| Plan participants' contributions                                                                                | —                 | —                 | 3.6                           | 4.2               |
| Plan amendments                                                                                                 | —                 | —                 | —                             | 3.4               |
| Actuarial loss (gain) <sup>(2)</sup>                                                                            | (64.8)            | 27.4              | (22.5)                        | 29.1              |
| Benefits paid                                                                                                   | (136.4)           | (141.9)           | (40.7)                        | (44.3)            |
| Estimated benefits paid by incurred subsidy                                                                     | —                 | —                 | 0.1                           | 0.5               |
| <b>Projected benefit obligation at end of year</b>                                                              | <b>\$ 1,287.4</b> | <b>\$ 1,401.8</b> | <b>\$ 436.3</b>               | <b>\$ 468.8</b>   |
| <b>Change in plan assets</b>                                                                                    |                   |                   |                               |                   |
| Fair value of plan assets at beginning of year                                                                  | \$ 1,426.8        | \$ 1,422.8        | \$ 236.5                      | \$ 224.9          |
| Actual return on plan assets                                                                                    | 43.7              | 142.8             | 20.0                          | 28.2              |
| Employer contributions                                                                                          | 2.4               | 3.1               | 23.6                          | 23.4              |
| Plan participants' contributions                                                                                | —                 | —                 | 3.8                           | 4.3               |
| Benefits paid                                                                                                   | (136.4)           | (141.9)           | (40.7)                        | (44.3)            |
| <b>Fair value of plan assets at end of year</b>                                                                 | <b>\$ 1,336.5</b> | <b>\$ 1,426.8</b> | <b>\$ 243.2</b>               | <b>\$ 236.5</b>   |
| <b>Funded Status at end of year</b>                                                                             | <b>\$ 49.1</b>    | <b>\$ 25.0</b>    | <b>\$ (193.1)</b>             | <b>\$ (232.3)</b> |
| <b>Amounts recognized in the statement of financial position consist of:</b>                                    |                   |                   |                               |                   |
| Noncurrent assets                                                                                               | 66.5              | 44.1              | —                             | —                 |
| Current liabilities                                                                                             | (2.3)             | (2.2)             | (1.0)                         | (1.0)             |
| Noncurrent liabilities                                                                                          | (15.1)            | (16.9)            | (192.1)                       | (231.3)           |
| <b>Net amount recognized at end of year<sup>(3)</sup></b>                                                       | <b>\$ 49.1</b>    | <b>\$ 25.0</b>    | <b>\$ (193.1)</b>             | <b>\$ (232.3)</b> |
| <b>Amounts recognized in accumulated other comprehensive income or regulatory asset/liability<sup>(4)</sup></b> |                   |                   |                               |                   |
| Unrecognized prior service credit                                                                               | \$ 0.3            | \$ 0.3            | \$ 3.8                        | \$ 2.1            |
| Unrecognized actuarial loss                                                                                     | 451.4             | 500.4             | 47.0                          | 76.6              |
| <b>Net amount recognized at end of year</b>                                                                     | <b>\$ 451.7</b>   | <b>\$ 500.7</b>   | <b>\$ 50.8</b>                | <b>\$ 78.7</b>    |

<sup>(1)</sup>The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.

<sup>(2)</sup>The pension actuarial gain was primarily driven by the increase in discount rates interest rate movements. The postretirement benefit actuarial loss (gain) was also primarily driven by a increase in discount rates and claims experience changes in trend rates.

<sup>(3)</sup>We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

<sup>(4)</sup>We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of \$485.3 million and zero, respectively, as of December 31, 2024, and \$561.6 million and zero, respectively, as of December 31, 2023 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was \$1,278.4 million and \$1,390.9 million as of December 31, 2024 and 2023, respectively. The accumulated benefit obligation at each date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of our pension and postretirement benefit plans on the Consolidated Balance Sheet. The funded status of the plans is measured as the difference between the plan assets' fair value and the projected benefit obligation. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

For our pension plans as of December 31, 2024 and 2023, only our nonqualified plans were underfunded. These plans have no assets as they are not funded until benefits are paid. The following table sets forth the year end accumulated benefit obligation and projected benefit obligation for pension plans with a projected benefit obligation in excess of plan assets:

|                                                                  | <b>December 31,</b> |                  |
|------------------------------------------------------------------|---------------------|------------------|
|                                                                  | <b>2024</b>         | <b>2023</b>      |
| Accumulated Benefit Obligation                                   | \$ 17.4             | \$ 19.1          |
| Funded Status                                                    |                     |                  |
| Projected Benefit Obligation                                     | \$ 17.4             | \$ 19.1          |
| <b>Funded Status of Underfunded Pension Plans at End of Year</b> | <b>\$ (17.4)</b>    | <b>\$ (19.1)</b> |

The following table sets forth the year end accumulated benefit obligation, projected benefit obligation and fair value of plan assets for pension plans with plan assets in excess of the projected benefit obligation:

|                                                                 | <b>December 31,</b> |                |
|-----------------------------------------------------------------|---------------------|----------------|
|                                                                 | <b>2024</b>         | <b>2023</b>    |
| Accumulated Benefit Obligation                                  | \$ 1,261.0          | \$ 1,371.8     |
| Funded Status                                                   |                     |                |
| Fair Value of Plan Assets                                       | \$ 1,336.4          | \$ 1,426.8     |
| Projected Benefit Obligation                                    | 1,269.9             | 1,382.7        |
| <b>Funded Status of Overfunded Pension Plans at End of Year</b> | <b>\$ 66.5</b>      | <b>\$ 44.1</b> |

Our pension plans were overfunded, in aggregate, by \$49.1 million at December 31, 2024 compared to being overfunded by \$25.0 million at December 31, 2023. The improvement in the funded status was primarily due to an increase in discount rates partially offset by actual return on assets being less than expected return on assets. We contributed \$2.4 million and \$3.1 million to our pension plans in 2024 and 2023, respectively.

Our other postretirement benefit plans were underfunded, in aggregate by \$193.1 million and \$232.3 million at December 31, 2024 and 2023, respectively. The change in funded status was primarily due to increased discount rates and actual return on plan assets exceeding expected return. We contributed \$23.6 million and \$23.4 million to our other postretirement benefit plans in 2024 and 2023, respectively.

In 2024 and 2023, our NiSource Pension Restoration and Columbia Energy Group pension plans paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of \$7.2 million and \$9.2 million in 2024 and 2023, respectively. In 2024 and 2023, no remeasurement occurred related to lump sum payouts.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

|                                                                     | Pension Benefits |        | Other Postretirement Benefits |        |
|---------------------------------------------------------------------|------------------|--------|-------------------------------|--------|
|                                                                     | 2024             | 2023   | 2024                          | 2023   |
| <b>Weighted-average assumptions to Determine Benefit Obligation</b> |                  |        |                               |        |
| Discount Rate                                                       | 5.58 %           | 4.95 % | 5.66 %                        | 4.98 % |
| Rate of Compensation Increases                                      | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Interest Crediting Rates                                            | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Health Care Trend Rates                                             |                  |        |                               |        |
| Trend for Next Year                                                 | N/A              | N/A    | 9.77 %                        | 8.84 % |
| Ultimate Trend                                                      | N/A              | N/A    | 4.75 %                        | 4.75 % |
| Year Ultimate Trend Reached                                         | N/A              | N/A    | 2033                          | 2032   |

We expect to make contributions of approximately \$2.3 million to our pension plans and approximately \$21.3 million to our postretirement medical and life plans in 2025.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

| (in millions) | Pension Benefits | Other Postretirement Benefits |
|---------------|------------------|-------------------------------|
| Year(s)       |                  |                               |
| 2025          | \$ 142.6         | \$ 36.6                       |
| 2026          | 136.6            | 36.1                          |
| 2027          | 130.9            | 36.1                          |
| 2028          | 125.8            | 35.8                          |
| 2029          | 119.4            | 35.6                          |
| 2030-2034     | 528.6            | 171.7                         |

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2024, 2023 and 2022:

| (in millions)                                                         | Pension Benefits |                |                | Other Postretirement Benefits |                |               |
|-----------------------------------------------------------------------|------------------|----------------|----------------|-------------------------------|----------------|---------------|
|                                                                       | 2024             | 2023           | 2022           | 2024                          | 2023           | 2022          |
| <b>Components of Net Periodic Benefit (Income) Cost<sup>(1)</sup></b> |                  |                |                |                               |                |               |
| Service cost                                                          | \$ 21.9          | \$ 20.5        | \$ 27.8        | \$ 5.0                        | \$ 5.1         | \$ 6.5        |
| Interest cost                                                         | 64.9             | 68.4           | 40.5           | 22.0                          | 21.8           | 12.0          |
| Expected return on assets                                             | (95.3)           | (94.5)         | (90.8)         | (16.1)                        | (15.1)         | (16.2)        |
| Amortization of prior service cost (credit)                           | 0.1              | 0.1            | 0.1            | (1.8)                         | (2.1)          | (2.2)         |
| Recognized actuarial loss                                             | 28.6             | 33.7           | 20.3           | 3.2                           | 3.3            | 2.6           |
| Settlement loss                                                       | 7.2              | 9.2            | 12.4           | —                             | —              | —             |
| <b>Total Net Periodic Benefits Cost</b>                               | <b>\$ 27.4</b>   | <b>\$ 37.4</b> | <b>\$ 10.3</b> | <b>\$ 12.3</b>                | <b>\$ 13.0</b> | <b>\$ 2.7</b> |

<sup>(1)</sup>Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income. Non-service cost components are presented within "Other, net."

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Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

|                                                                            | Pension Benefits |        |        | Other Postretirement Benefits |        |        |
|----------------------------------------------------------------------------|------------------|--------|--------|-------------------------------|--------|--------|
|                                                                            | 2024             | 2023   | 2022   | 2024                          | 2023   | 2022   |
| <b>Weighted-average Assumptions to Determine Net Periodic Benefit Cost</b> |                  |        |        |                               |        |        |
| Discount rate - service cost                                               | 5.06 %           | 5.25 % | 3.08 % | 5.14 %                        | 5.30 % | 3.21 % |
| Discount rate - interest cost                                              | 4.88 %           | 5.06 % | 2.11 % | 4.89 %                        | 5.07 % | 2.24 % |
| Expected Long-Term Rate of Return on Plan Assets                           | 7.02 %           | 7.00 % | 4.80 % | 7.06 %                        | 6.96 % | 5.72 % |
| Rate of Compensation Increases                                             | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |
| Interest Crediting Rates                                                   | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |

We assumed a 7.02% and 7.06% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2024 pension benefits and other postretirement benefits costs. These rates were primarily based on asset mix and historical rates of return and were adjusted in 2024 due to changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

|                                                                                                                                                 | Pension Benefits |                  | Other Postretirement Benefits |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------------------|----------------|
|                                                                                                                                                 | 2024             | 2023             | 2024                          | 2023           |
| <i>(in millions)</i>                                                                                                                            |                  |                  |                               |                |
| <b>Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b> |                  |                  |                               |                |
| Net prior service cost                                                                                                                          | \$ —             | \$ —             | \$ —                          | \$ 3.3         |
| Net actuarial (gain) loss                                                                                                                       | (13.1)           | (20.9)           | (26.4)                        | 16.0           |
| Settlements/curtailments                                                                                                                        | (7.2)            | (9.2)            | —                             | —              |
| Less: amortization of prior service cost                                                                                                        | (0.1)            | (0.1)            | 1.8                           | 2.1            |
| Less: amortization of net actuarial loss                                                                                                        | (28.6)           | (33.7)           | (3.2)                         | (3.3)          |
| <b>Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>                                                          | <b>\$ (49.0)</b> | <b>\$ (63.9)</b> | <b>\$ (27.8)</b>              | <b>\$ 18.1</b> |
| <b>Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability</b>                          | <b>\$ (21.6)</b> | <b>\$ (26.5)</b> | <b>\$ (15.5)</b>              | <b>\$ 31.1</b> |

**17. Share-Based Compensation**

Prior to May 19, 2020, we issued share-based compensation to employees and non-employee directors under the NiSource Inc. 2010 Omnibus Plan ("2010 Omnibus Plan"), which was most recently approved by stockholders at the Annual Meeting of Stockholders held on May 12, 2015. The 2010 Omnibus Plan provided for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and superseded the Director Stock Incentive Plan ("Director Plan") with respect to grants made after the effective date of the 2010 Omnibus Plan.

The stockholders approved and adopted the NiSource Inc. 2020 Omnibus Incentive Plan ("2020 Omnibus Plan") at the Annual Meeting of Stockholders held on May 19, 2020. The 2020 Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the 2010 Omnibus Plan with respect to grants made after the effective date of the 2020 Omnibus Plan.

The 2020 Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 10,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under the

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

2020 Omnibus Plan, the 2010 Omnibus Plan or any other equity plan under which awards were outstanding as of May 19, 2020. At December 31, 2024, there were 7,216,823 shares available for future awards under the 2020 Omnibus Plan.

We recognized stock-based employee compensation expense of \$32.1 million, \$23.9 million and \$19.0 million, during 2024, 2023 and 2022, respectively, as well as related tax benefits of \$7.0 million, \$7.7 million and \$3.6 million, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of \$2.0 million, \$2.9 million, and \$0.4 million in 2024, 2023 and 2022, respectively.

As of December 31, 2024, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$46.7 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

**Restricted Stock Units and Restricted Stock.** We granted 655,713, 500,968, and 477,292 restricted stock units and shares of restricted stock to employees, subject to service conditions in 2024, 2023, and 2022, respectively. The total grant date fair value of the restricted stock units and shares of restricted stock during 2024, 2023, and 2022, respectively, was \$17.1 million, \$13.7 million, and \$12.5 million. The grant date fair value for the 2024 and 2023 awards is based on the average market price of our common stock at the date of each grant. For the year ended 2022, the grant date fair value is based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period. The awards are expensed over the vesting period which is generally three years. As of December 31, 2024, 592,490, 393,509, and 270,325 non-vested restricted stock units and shares of restricted stock granted in 2024, 2023, and 2022, respectively, were outstanding. Our non-vested restricted stock units have a non-forfeitable right to dividend equivalents, with immaterial amounts paid in the periods ending December 31, 2024 and 2023. See Note 5, "Earnings Per Share," for further discussion.

In general, if an employee terminates employment before the service conditions lapse under the 2022, 2023 or 2024 awards due to (1) retirement or disability (as defined in the 2020 Omnibus Plan), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the 2020 Omnibus Plan), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason, in general, will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

A summary of our restricted stock unit award transactions for the year ended December 31, 2024 is as follows:

| (shares)                               | Restricted Stock<br>Units | Weighted Average<br>Award Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|---------------------------|------------------------------------------------------------|
| Non-vested at December 31, 2023        | 1,066,916                 | 25.71                                                      |
| Granted                                | 655,713                   | 26.10                                                      |
| Forfeited                              | (167,057)                 | 26.19                                                      |
| Vested                                 | (227,452)                 | 22.90                                                      |
| <b>Non-vested at December 31, 2024</b> | <b>1,328,120</b>          | <b>26.49</b>                                               |

**Employee Performance Shares.** We granted 896,363 performance shares subject to service, performance and/or market-based vesting conditions in 2024. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 55%, 25%, and 20% of the issued awards respectively.

The non-GAAP financial measure is cumulative adjusted earnings per share, which we define as diluted earnings per share adjusted for certain items. Relative total shareholder return, a market-based vesting condition, which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price over the performance period, approximately) compared to the total shareholder return of a predetermined peer group of companies. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the non-GAAP financial measure shares is based on the closing stock price of our common stock at the date of each grant, which will be expensed over the requisite service period of three years. The conditions

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2023, we granted 649,088 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 25%, and 25% of the issued awards respectively. The operational metrics consist of goals of economic inclusion (5%), OPEX ("Operating Expenses") Index (10%), Employee Engagement Index Score (5%), and Environmental GHG Reduction (5%). The OPEX Index is further defined by goals related to risk mitigation and modernization of our infrastructure.

In 2022, we granted 566,086 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, and/or achievement of relative total shareholder return, outlined above. The number of shares that are eligible to vest based on these performance conditions are adjusted based on performance of the magnifier framework for 2022 awards. The operational magnifier framework for 2022 performance shares consists of three areas of focus, including safety, environment, and workforce, representing 20%, 10% and 10%, respectively.

The following table presents details of the performance awards described above.

| Award Year | Service Conditions Lapse date | Performance Period    | Award Conditions                            | Shares outstanding at 12/31/2024 (shares) | Grant Date Fair Value (in millions) |
|------------|-------------------------------|-----------------------|---------------------------------------------|-------------------------------------------|-------------------------------------|
| 2024       | 2/26/2027                     | 01/01/2024-12/31/2026 | Non-GAAP Financial and Operational Measures | 619,673                                   | \$ 17.4                             |
|            |                               |                       | Relative Total Shareholder Return           | 206,524                                   | \$ 6.9                              |
| 2023       | 2/28/2026                     | 01/01/2023-12/31/2025 | Non-GAAP Financial and Operational Measures | 430,670                                   | \$ 13.3                             |
|            |                               |                       | Relative Total Shareholder Return           | 143,540                                   | \$ 5.4                              |
| 2022       | 2/28/2025                     | 01/01/2022-12/31/2024 | Non-GAAP Financial Measure                  | 195,460                                   | \$ 7.4                              |
|            |                               |                       | Relative Total Shareholder Return           | 195,460                                   | \$ 10.6                             |

A summary of our performance award transactions for the year ended December 31, 2024 is as follows:

| (shares)                               | Performance Awards | Weighted Average Grant Date Fair Value Per Unit (\$) |
|----------------------------------------|--------------------|------------------------------------------------------|
| Non-vested at December 31, 2023        | 1,558,509          | 28.01                                                |
| Granted                                | 896,363            | 27.05                                                |
| Forfeited                              | (189,080)          | 31.75                                                |
| Vested                                 | (546,569)          | 21.95                                                |
| <b>Non-vested at December 31, 2024</b> | <b>1,719,223</b>   | <b>24.96</b>                                         |

**Non-employee Director Awards.** As of May 19, 2020, awards to non-employee directors may be made only under the 2020 Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or



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**NiSOURCE INC.**

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's deferral election. Certain restricted stock units remain outstanding from the 2010 Omnibus Plan and the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2024, 292,566 restricted stock units are outstanding to non-employee directors under either the 2020 Omnibus Plan, the 2010 Omnibus Plan or the Director Plan. Of this amount, 68,436 restricted stock units are unvested and expected to vest.

**401(k) Match, Profit Sharing and Company Contribution.** Eligible salaried employees hired after January 1, 2010 and hourly and union employees hired after January 1, 2013 receive a non-elective company contribution of 4.5% of eligible pay payable in cash or shares of NiSource common stock. We also have a voluntary 401(k) savings plan covering eligible union and nonunion employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash or shares. Further, we have a retirement savings plan that provides for discretionary profit sharing contributions to eligible employees. For the years ended December 31, 2024, 2023 and 2022, we recognized 401(k) match, profit sharing and non-elective contribution expense of \$56.9 million, \$50.7 million and \$39.1 million, respectively.

**18. Leases**

**Lease Descriptions.** We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, land, and fleet vehicles. Our corporate and field office leases and certain land leases have remaining terms between 1 and 39 years with options to renew the leases for up to 35 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements which have remaining lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles for 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. We elected the short-term lease practical expedient, allowing us to not recognize ROU assets or lease liabilities for all leases with a term of 12 months or less. ROU assets and liabilities on our Consolidated Balance Sheets do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases. ASC 842 permits a lessee, by class of underlying asset, not to separate nonlease components from lease components. Our policy is to apply this expedient for our leases of fleet vehicles, IT assets and railcars when calculating their respective lease liabilities.

Lease costs for the years ended December 31, 2024 and December 31, 2023 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

| Year Ended December 31, (in millions) | Income Statement Classification | 2024           | 2023           |
|---------------------------------------|---------------------------------|----------------|----------------|
| <b>Finance lease cost</b>             |                                 |                |                |
| Amortization of right-of-use assets   | Depreciation and amortization   | \$ 27.1        | \$ 32.0        |
| Interest on lease liabilities         | Interest expense, net           | 13.5           | 8.6            |
| <b>Total finance lease cost</b>       |                                 | <b>40.6</b>    | <b>40.6</b>    |
| <b>Operating lease cost</b>           | Operation and maintenance       | <b>14.7</b>    | <b>11.3</b>    |
| <b>Total lease cost</b>               |                                 | <b>\$ 55.3</b> | <b>\$ 51.9</b> |



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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

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

| At December 31, <i>(in millions)</i> | Balance Sheet Classification                          | 2024     | 2023     |
|--------------------------------------|-------------------------------------------------------|----------|----------|
| <b>Assets</b>                        |                                                       |          |          |
| Finance leases                       | Net Property, Plant and Equipment                     | \$ 222.9 | \$ 184.3 |
| Operating leases                     | Deferred charges and other                            | 26.4     | 32.9     |
| Total leased assets                  |                                                       | \$ 249.3 | 217.2    |
| <b>Liabilities</b>                   |                                                       |          |          |
| Current                              |                                                       |          |          |
| Finance leases                       | Current portion of long-term debt                     | \$ 22.9  | 23.8     |
| Operating leases                     | Other accruals                                        | 9.1      | 8.3      |
| Noncurrent                           |                                                       |          |          |
| Finance leases                       | Long-term debt, excluding amounts due within one year | 223.3    | 181.6    |
| Operating leases                     | Other noncurrent liabilities and deferred credits     | 18.2     | 25.8     |
| Total lease liabilities              |                                                       | \$ 273.5 | \$ 239.5 |

Other pertinent information related to leases was as follows:

| Year Ended December 31, <i>(in millions)</i>                                  | 2024                     | 2023                     |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash paid for amounts included in the measurement of lease liabilities</b> |                          |                          |
| Operating cash flows used for finance leases                                  | \$ 11.2                  | \$ 9.3                   |
| Operating cash flows used for operating leases                                | 14.5                     | 11.1                     |
| Financing cash flows used for finance leases                                  | 26.9                     | 33.1                     |
| <b>Right-of-use assets obtained in exchange for lease obligations</b>         |                          |                          |
| Finance leases                                                                | 65.9                     | 64.5                     |
| Operating leases                                                              | \$ 12.2                  | \$ 5.6                   |
|                                                                               |                          |                          |
|                                                                               | <b>December 31, 2024</b> | <b>December 31, 2023</b> |
| <b>Weighted-average remaining lease term (years)</b>                          |                          |                          |
| Finance leases                                                                | 20.5                     | 16.4                     |
| Operating leases                                                              | 5.6                      | 6.7                      |
| <b>Weighted-average discount rate</b>                                         |                          |                          |
| Finance leases                                                                | 5.6 %                    | 5.5 %                    |
| Operating leases                                                              | 4.5 %                    | 4.3 %                    |

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**NtSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

Maturities of our lease liabilities as of December 31, 2024 were as follows:

| As of December 31, 2024, <i>(in millions)</i> | Total    | Finance Leases | Operating Leases |
|-----------------------------------------------|----------|----------------|------------------|
| 2025                                          | \$ 44.6  | \$ 34.6        | \$ 10.0          |
| 2026                                          | 34.7     | 29.4           | 5.3              |
| 2027                                          | 28.5     | 24.2           | 4.3              |
| 2028                                          | 26.1     | 23.0           | 3.1              |
| 2029                                          | 21.5     | 19.0           | 2.5              |
| Thereafter                                    | 304.9    | 299.2          | 5.7              |
| Total lease payments                          | 460.3    | 429.4          | 30.9             |
| Less: Imputed interest                        | (186.8)  | (183.2)        | (3.6)            |
| Total                                         | \$ 273.5 | \$ 246.2       | \$ 27.3          |
| Reported as of December 31, 2024              |          |                |                  |
| Short-term lease liabilities                  | 32.0     | 22.9           | 9.1              |
| Long-term lease liabilities                   | 241.5    | 223.3          | 18.2             |
| Total lease liabilities                       | \$ 273.5 | \$ 246.2       | \$ 27.3          |

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NISOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

19. Other Commitments and Contingencies

**A. Contractual Obligations.** We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2024 and their maturities were:

| (in millions)                        | Total       | 2025       | 2026       | 2027       | 2028       | 2029       | After       |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|-------------|
| Long-term debt <sup>(1)</sup>        | \$ 13,205.0 | \$ 1,260.0 | \$ —       | \$ 1,090.0 | \$ 1,055.0 | \$ 1,350.0 | \$ 8,450.0  |
| Interest payments on long-term debt  | 8,090.3     | 566.2      | 551.1      | 531.7      | 481.6      | 453.9      | 5,505.8     |
| Finance leases <sup>(2)</sup>        | 429.4       | 34.6       | 29.4       | 24.2       | 23.0       | 19.0       | 299.2       |
| Operating leases <sup>(3)</sup>      | 30.9        | 10.0       | 5.3        | 4.3        | 3.1        | 2.5        | 5.7         |
| Energy commodity contracts           | 119.7       | 118.5      | 0.3        | 0.3        | 0.4        | 0.2        | —           |
| Service obligations:                 |             |            |            |            |            |            |             |
| Pipeline service obligations         | 2,694.6     | 685.5      | 631.2      | 609.2      | 373.2      | 245.2      | 150.3       |
| IT service obligations               | 120.7       | 73.9       | 30.3       | 11.4       | 5.1        | —          | —           |
| Plant equipment purchase obligations | 173.5       | 140.5      | 24.9       | 4.3        | 3.8        | —          | —           |
| Other liabilities <sup>(4)</sup>     | 336.0       | 287.0      | 7.9        | 7.7        | 7.6        | 7.7        | 18.1        |
| Total contractual obligations        | \$ 25,200.1 | \$ 3,176.2 | \$ 1,280.4 | \$ 2,283.1 | \$ 1,952.8 | \$ 2,078.5 | \$ 14,429.1 |

<sup>(1)</sup> Long-term debt balance excludes unamortized issuance costs and discounts of \$95.5 million.

<sup>(2)</sup> Finance lease payments shown above are inclusive of interest totaling \$183.2 million.

<sup>(3)</sup> Operating lease payments shown above are inclusive of interest totaling \$3.6 million. Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so as they are renewed month-to-month after the first year.

<sup>(4)</sup> Other liabilities shown above are primarily related to the Dunns Bridge II and Indiana Crossroads Solar Developer payments due in 2025 and ongoing maintenance service agreements for our renewable joint ventures.

**Purchase and Service Obligations.** We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our energy commodity contracts are for the purchase of physical quantities of natural gas, electricity and coal. Our service obligations, consisting of pipeline service obligations and IT service obligations, encompass a broad range of business support and maintenance functions which are generally described below. Our plant equipment purchase obligations are for plant equipment, typically for generation assets, with long lead times that require payments made over time

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent the minimum quantity of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2024.

NIPSCO has PPAs representing a total of 600 MW of wind power, with contracts expiring between 2038 and 2040. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon early termination of one of these agreements by NIPSCO for any reason (other than material breach by the counterparties), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2028 to 2038, require us to pay fixed monthly charges.

NIPSCO has contracts with three major rail operators providing coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2025.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2029.

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**NI SOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**B. 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 part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. At December 31, 2024 and 2023, we issued stand-by letters of credit of \$9.4 million and \$9.9 million, respectively, for the benefit of third parties.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At December 31, 2024 and 2023, our guarantees for multiple BTAs totaled \$1,127.5 million and \$646.1 million, respectively. The amount of each guaranty will decrease upon completion of certain milestones for the construction of the facilities, including mechanical and substantial completion. See "- E. Other Matters - Generation Transition," below for more information.

We provide guarantees related to some of our rail and pipeline service agreements. If we do not meet our contractual obligations under the terms of these agreements we would be required to pay up to a maximum of \$61.7 million.

**C. Legal Proceedings.** From time to time, various legal and regulatory claims and proceedings are pending or threatened against the Company and its subsidiaries. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company establishes reserves whenever it believes it to be appropriate for pending litigation matters. However, the actual results of resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more 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. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our results of operations, financial position or liquidity.

**Other Claims and Proceedings.** 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, and based upon an investigation of these matters and discussion with legal counsel, we believe the ultimate outcome of such other legal proceedings to be individually, or in aggregate, not material at this time.

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

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects the majority of environmental assessment and remediation costs and asset retirement costs, further described below, to be recoverable through rates. See Note 11, "Asset Retirement Obligations" and Note 12, "Regulatory Matters," for additional detail.

As of December 31, 2024 and 2023, we had recorded a liability of \$91.8 million and \$80 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities and deferred credits" in the Consolidated Balance Sheets. 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.

**CERCLA.** Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA 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. At this time, we cannot estimate the full cost of remediating properties that have not yet been investigated, but it is possible that the future costs could be material to the Consolidated Financial Statements.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**MGP.** We maintain a program to identify and investigate former MGP sites where gas distribution subsidiaries or predecessors may have liability. The program has identified 51 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. We recorded an \$11.2 million increase to the estimated future remediation costs as a result of the refresh completed in the second quarter of 2024. No material changes to the estimated future remediation costs were noted as a result of an internal quarterly review of environmental reserves completed as of December 31, 2024. Our total estimated liability related to the facilities subject to remediation was \$86.4 million and \$73.7 million at December 31, 2024 and 2023, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. Our model indicates that it is reasonably possible that remediation costs could vary by as much as \$16.3 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.** NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The CCR rule requirements currently in effect required 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.

On May 8, 2024, the EPA finalized changes to the current CCR regulations ("Legacy CCR Rule") which address inactive surface impoundments at inactive facilities, referred to as legacy impoundments, and CCR management units ("CCRMUs") at inactive and active facilities. The rule largely requires these newly regulated units to conform to existing requirements, such as groundwater monitoring, closure requirements, and post-closure care. During 2024, we recorded additional asset retirement obligations of \$149.7 million to cover probable and estimable compliance activities associated with the Legacy CCR Rule with an offsetting regulatory asset. Facility evaluations for CCRMUs are required by February 2026 and 2027. NIPSCO continues to assess whether existing legal obligations associated with the retirement of certain facilities must be revised and to estimate probable additional required asset retirement costs. NIPSCO expects to receive recovery of any such costs through existing and future depreciation rates.

**E. Other Matters**

**Generation Transition.** NIPSCO has executed several BTAs with developers to construct renewable generation facilities. NIPSCO has received IURC approval for all of its BTAs and PPAs. In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton Wind PPA to a BTA and has provided a notice of intent to file a CPCN with the IURC. In addition to IURC approval, NIPSCO's purchase obligation under certain BTAs is dependent on timely completion of construction. Certain agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones. With respect to BTAs for which tax equity partnerships are utilized, once the tax equity partner has earned its negotiated rate of return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value the remaining interest in the JV from the tax equity partner. In January 2024, the IURC approved the full ownership of Cavalry and Dunns Bridge II which will allow those BTAs to be executed through direct ownership. In March 2024, Cavalry achieved mechanical completion, resulting in NIPSCO making a \$110.6 million payment to the developer. In May 2024, Cavalry achieved substantial completion and commenced commercial operations, resulting in NIPSCO making a \$114.9 million payment to the developer. In August 2024, the IURC approved full ownership of the Gibson and Fairbanks projects as well as an increase to the cost of the Fairbanks project. In January 2025, Fairbanks achieved mechanical completion resulting in NIPSCO making a \$336.6 million payment to the developer. In September 2024, Dunns Bridge II achieved mechanical completion, resulting in NIPSCO making a \$153.3 million payment to the developer. In January 2025, substantial completion was achieved requiring a final payment of \$217.6 million to be paid in February 2025. NIPSCO has filed a request to modify the ownership structure for the Templeton wind project to become a wholly owned project.

**NIPSCO Minority Interest Transaction.** On December 31, 2023, pursuant to the terms of the BIP Purchase Agreement and simultaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Holdings II and NiSource entered into an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of NIPSCO Holdings II. Specifically, under the terms of the LLC Agreement, Blackstone will provide up to \$250 million in additional capital contributions over a three-year period after the closing, which the obligation is backed by an Equity Commitment Letter from an affiliate of Blackstone. Under the LLC Agreement, Blackstone is entitled to appoint two directors to the board of directors of NIPSCO Holdings II (the "Board") so long as Blackstone (together with any approved affiliate) holds at least a 17.5% percentage interest (as defined in the LLC Agreement). In connection with the closing, Blackstone appointed two directors to the Board, such that the Board is now comprised of seven directors, two appointed by Blackstone and five appointed by NiSource. The LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone approval for Holdings II to take certain major actions. In addition, the LLC Agreement contains certain terms regarding transfer rights and other obligations applicable to both Blackstone and NiSource. The LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Holdings II following the closing. On January 31, 2024, BIP transferred a 4.5% equity interest in NIPSCO Holdings II to BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone. Effective upon the closing of this transfer, the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"). The two affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor.

Refer to Note 4, "Noncontrolling Interests," for detailed discussion of accounting for the NIPSCO Minority Interest Transaction.

**20. Accumulated Other Comprehensive Loss**

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

| <i>(in millions)</i>                                           | Gains and Losses on Securities <sup>(1)</sup> | Gains and Losses on Cash Flow Hedges <sup>(1)</sup> | Pension and OPEB Items <sup>(1)</sup> | Accumulated Other Comprehensive Loss <sup>(1)</sup> |
|----------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|---------------------------------------|-----------------------------------------------------|
| <b>Balance as of January 1, 2022</b>                           | \$ 2.1                                        | \$ (122.5)                                          | \$ (6.4)                              | \$ (126.8)                                          |
| Other comprehensive (loss) income before reclassifications     | (13.7)                                        | 109.7                                               | (8.9)                                 | 87.1                                                |
| Amounts reclassified from accumulated other comprehensive loss | 0.4                                           | 0.2                                                 | 2.0                                   | 2.6                                                 |
| Net current-period other comprehensive (loss) income           | (13.3)                                        | 109.9                                               | (6.9)                                 | 89.7                                                |
| <b>Balance as of December 31, 2022</b>                         | \$ (11.2)                                     | \$ (12.6)                                           | \$ (13.3)                             | \$ (37.1)                                           |
| Other comprehensive (loss) income before reclassifications     | 3.1                                           | (0.5)                                               | (1.4)                                 | 1.2                                                 |
| Amounts reclassified from accumulated other comprehensive loss | 0.8                                           | 0.3                                                 | 1.2                                   | 2.3                                                 |
| Net current-period other comprehensive (loss) income           | 3.9                                           | (0.2)                                               | (0.2)                                 | 3.5                                                 |
| <b>Balance as of December 31, 2023</b>                         | \$ (7.3)                                      | \$ (12.8)                                           | \$ (13.5)                             | \$ (33.6)                                           |
| Other comprehensive income (loss) before reclassifications     | 1.5                                           | —                                                   | (1.2)                                 | 0.3                                                 |
| Amounts reclassified from accumulated other comprehensive loss | 1.8                                           | (0.4)                                               | 1.5                                   | 2.9                                                 |
| Net current-period other comprehensive income (loss)           | 3.3                                           | (0.4)                                               | 0.3                                   | 3.2                                                 |
| <b>Balance as of December 31, 2024</b>                         | \$ (4.0)                                      | \$ (13.2)                                           | \$ (13.2)                             | \$ (30.4)                                           |

<sup>(1)</sup>All amounts are net of tax. Amounts in parentheses indicate debits.

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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

**21. Business Segment Information**

Our reportable segments reflect the manner in which our business is managed and our resources are allocated. Following the consummation of the NIPSCO Minority Interest Transaction, we revised how we evaluate results and allocate resources across our business with an increased focus on operating performance at the state level. Refer to Note 4, "Noncontrolling Interests," for additional information on the NIPSCO Minority Interest Transaction. At December 31, 2024, our operations are divided into two primary reportable segments, the Columbia Operations and the NIPSCO Operations segments. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana. Our historical segment disclosures have been recast to be consistent with the current presentation.

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" in the subsequent reconciliation table and primarily are comprised of interest expense on holding company debt and unallocated corporate costs and activities. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues. The following table provides information about our reportable segments. We use operating income as our primary measurement for each of the reported segments and make decisions on financing, dividends and taxes at the corporate level on a consolidated basis. We provide this measure to our Chief Operating Decision Maker, the CEO, who utilizes this measure to make operating segment level strategy decisions based on budget-to-actual variances and against prior periods to allocate resources accordingly. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, 2024 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,703.2             | \$ 2,751.0           | \$ 5,454.2                         |
| Intersegment Revenue                      | 12.8                   | 1.0                  | 13.8                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,716.0</b>      | <b>\$ 2,752.0</b>    | <b>\$ 5,468.0</b>                  |
| Cost of energy                            | 514.7                  | 617.5                | 1,132.2                            |
| O&M                                       | 837.5                  | 761.4                | 1,598.9                            |
| Depreciation                              | 409.1                  | 590.3                | 999.4                              |
| Total other taxes                         | 218.6                  | 64.3                 | 282.9                              |
| Other segment items <sup>(1)</sup>        | 7.4                    | (1.3)                | 6.1                                |
| <b>Operating Income</b>                   | <b>\$ 728.7</b>        | <b>\$ 719.8</b>      | <b>\$ 1,448.5</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,209.0</b>      | <b>\$ 2,252.4</b>    | <b>\$ 3,461.4</b>                  |
| <b>Assets</b>                             | <b>\$ 14,769.5</b>     | <b>\$ 15,823.5</b>   | <b>\$ 30,593.0</b>                 |

<sup>(1)</sup>Other segment items consists of Loss (gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.



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NI SOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Year Ended December 31, 2023 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,733.9             | \$ 2,770.7           | \$ 5,504.6                         |
| Intersegment Revenue                      | 12.2                   | 0.9                  | 13.1                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,746.1</b>      | <b>\$ 2,771.6</b>    | <b>\$ 5,517.7</b>                  |
| Cost of energy                            | 645.0                  | 888.3                | 1,533.3                            |
| O&M                                       | 792.3                  | 787.7                | 1,580.0                            |
| Depreciation                              | 371.7                  | 493.8                | 865.5                              |
| Total other taxes                         | 198.8                  | 57.9                 | 256.7                              |
| Other segment items <sup>(1)</sup>        | —                      | 2.2                  | 2.2                                |
| <b>Operating Income</b>                   | <b>\$ 738.3</b>        | <b>\$ 541.7</b>      | <b>\$ 1,280.0</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,159.6</b>      | <b>\$ 1,294.8</b>    | <b>\$ 2,454.4</b>                  |
| <b>Assets</b>                             | <b>\$ 13,664.5</b>     | <b>\$ 13,962.6</b>   | <b>\$ 27,627.1</b>                 |

<sup>(1)</sup>Other segment items consists of Loss(gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

Year Ended December 31, 2022 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External Revenue                          | \$ 2,951.9             | \$ 2,886.2           | \$ 5,838.1                         |
| Intersegment Revenue                      | 12.5                   | 0.9                  | 13.4                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,964.4</b>      | <b>\$ 2,887.1</b>    | <b>\$ 5,851.5</b>                  |
| Cost of energy                            | 978.4                  | 1,132.1              | 2,110.5                            |
| O&M                                       | 791.3                  | 740.4                | 1,531.7                            |
| Depreciation                              | 329.4                  | 449.4                | 778.8                              |
| Total other taxes                         | 184.2                  | 72.1                 | 256.3                              |
| Other segment items <sup>(1)</sup>        | (103.9)                | —                    | (103.9)                            |
| <b>Operating Income</b>                   | <b>\$ 785.0</b>        | <b>\$ 493.1</b>      | <b>\$ 1,278.1</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,237.9</b>      | <b>\$ 1,018.9</b>    | <b>\$ 2,256.8</b>                  |
| <b>Assets</b>                             | <b>\$ 13,059.4</b>     | <b>\$ 11,759.9</b>   | <b>\$ 24,819.3</b>                 |

<sup>(1)</sup>Other segment items consists of proceeds from a property insurance settlement related to the Greater Lawrence Incident and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.



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NiSOURCE INC.

Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

To reconcile the segment tables above to consolidated NiSource:

| Year Ended December 31, 2024 (in millions) |                           |                     |              |                       |
|--------------------------------------------|---------------------------|---------------------|--------------|-----------------------|
|                                            | Total Reportable Segments | Corporate and Other | Eliminations | Consolidated NiSource |
| Total Operating Revenue                    | \$ 5,468.0                | \$ 581.9            | \$ (594.8)   | \$ 5,455.1            |
| Operating Income                           | 1,448.5                   | 7.0                 | —            | 1,455.5               |
| Capital Expenditures                       | 3,461.4                   | 231.1               | —            | 3,692.5               |
| Assets                                     | 30,593.0                  | 1,195.1             | —            | 31,788.1              |

| Year Ended December 31, 2023 (in millions) |                           |                     |              |                       |
|--------------------------------------------|---------------------------|---------------------|--------------|-----------------------|
|                                            | Total Reportable Segments | Corporate and Other | Eliminations | Consolidated NiSource |
| Total Operating Revenue                    | \$ 5,517.7                | \$ 504.6            | \$ (516.9)   | \$ 5,505.4            |
| Operating Income                           | 1,280.0                   | 15.5                | —            | 1,295.5               |
| Capital Expenditures                       | 2,454.4                   | 236.3               | —            | 2,690.7               |
| Assets                                     | 27,627.1                  | 3,450.1             | —            | 31,077.2              |

| Year Ended December 31, 2022 (in millions) |                           |                     |              |                       |
|--------------------------------------------|---------------------------|---------------------|--------------|-----------------------|
|                                            | Total Reportable Segments | Corporate and Other | Eliminations | Consolidated NiSource |
| Total Operating Revenue                    | \$ 5,851.5                | \$ 477.5            | \$ (478.4)   | \$ 5,850.6            |
| Operating Income (Loss)                    | 1,278.1                   | (12.3)              | —            | 1,265.8               |
| Capital Expenditures                       | 2,256.8                   | 41.2                | —            | 2,298.0               |
| Assets                                     | 24,819.3                  | 1,917.3             | —            | 26,736.6              |

22. Other, Net

The following table displays the components of Other, Net included on the Statements of Consolidated Income:

| Year Ended December 31, (in millions)                            | 2024           | 2023          | 2022           |
|------------------------------------------------------------------|----------------|---------------|----------------|
| Interest income                                                  | \$ 10.4        | \$ 9.0        | \$ 4.3         |
| AFUDC equity                                                     | 75.1           | 25.2          | 15.1           |
| Charitable contributions                                         | (5.4)          | (1.8)         | (4.4)          |
| Pension and other postretirement non-service cost <sup>(1)</sup> | (13.5)         | (24.0)        | 27.6           |
| Interest rate swap settlement gain                               | —              | —             | 10.0           |
| Miscellaneous                                                    | (2.1)          | (0.4)         | (0.4)          |
| <b>Total Other, net</b>                                          | <b>\$ 64.5</b> | <b>\$ 8.0</b> | <b>\$ 52.2</b> |

<sup>(1)</sup> See Note 16, "Pension and Other Postemployment Benefits," for additional information.

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**NiSOURCE INC.**

**Notes to Consolidated Financial Statements**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**23. Interest Expense, Net**

The following table displays the components of Interest Expense, Net included on the Statements of Consolidated Income:

| Year Ended December 31, <i>(in millions)</i>                                   | 2024            | 2023            | 2022            |
|--------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Interest on long-term debt                                                     | \$ 506.2        | \$ 404.1        | \$ 344.5        |
| Interest on short-term borrowings                                              | 43.2            | 108.9           | 22.7            |
| Debt discount/cost amortization                                                | 13.8            | 13.5            | 11.7            |
| Accounts receivable securitization fees                                        | 1.5             | 2.7             | 2.5             |
| Allowance for borrowed funds used and interest capitalized during construction | (40.1)          | (25.3)          | (6.7)           |
| Debt-based post-in-service carrying charges                                    | (26.4)          | (30.7)          | (21.1)          |
| Other                                                                          | 19.0            | 16.4            | 8.0             |
| <b>Total Interest Expense, net</b>                                             | <b>\$ 517.2</b> | <b>\$ 489.6</b> | <b>\$ 361.6</b> |

**24. Supplemental Cash Flow Information**

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022:

| Year Ended December 31, <i>(in millions)</i>                         | 2024     | 2023     | 2022     |
|----------------------------------------------------------------------|----------|----------|----------|
| <b>Supplemental Disclosures of Cash Flow Information</b>             |          |          |          |
| Non-cash transactions:                                               |          |          |          |
| Capital expenditures included in current liabilities                 | \$ 367.0 | \$ 315.0 | \$ 275.1 |
| Assets acquired under a finance lease                                | 65.9     | 64.5     | 19.3     |
| Assets acquired under an operating lease                             | 12.2     | 5.6      | 8.8      |
| Assets recorded for asset retirement obligations <sup>(1)</sup>      | 277.4    | 61.1     | 6.3      |
| Purchase contract liability, net of fees and payments <sup>(2)</sup> | —        | —        | 65.0     |
| Schedule of interest and income taxes paid:                          |          |          |          |
| Cash paid for interest on debt, net of interest capitalized amounts  | \$ 468.2 | \$ 433.9 | \$ 343.8 |
| Cash paid for interest on finance leases                             | 11.2     | 8.6      | 8.5      |
| Cash paid for income taxes, net of refunds                           | 4.3      | 9.4      | 7.2      |

<sup>(1)</sup>See Note 11, "Asset Retirement Obligations," for additional information.

<sup>(2)</sup>Refer to Note 6, "Equity," for additional information.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

**NISOURCE INC.**  
**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**

**Twelve months ended December 31, 2024**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2024 | Additions                        |                                            | Deductions for<br>Purposes for<br>which Reserves were<br>Created | Balance<br>Dec. 31, 2024 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 22.9                 | \$ 23.2                          | \$ 32.3                                    | \$ 54.7                                                          | \$ 23.7                  |
| Reserve for deferred charges and other                                           | 1.3                     | —                                | (0.2)                                      | —                                                                | 1.1                      |

**Twelve months ended December 31, 2023**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2023 | Additions                        |                                            | Deductions for<br>Purposes for<br>which Reserves were<br>Created | Balance<br>Dec. 31, 2023 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.9                 | \$ 23.4                          | \$ 36.6                                    | \$ 61.0                                                          | \$ 22.9                  |
| Reserve for deferred charges and other                                           | 1.0                     | —                                | 0.3                                        | —                                                                | 1.3                      |

**Twelve months ended December 31, 2022**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2022 | Additions                        |                                            | Deductions for<br>Purposes for which<br>Reserves were<br>Created | Balance<br>Dec. 31, 2022 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.5                 | \$ 20.6                          | \$ 36.4                                    | \$ 56.6                                                          | \$ 23.9                  |
| Reserve for deferred charges and other                                           | 2.3                     | —                                | (1.3)                                      | —                                                                | 1.0                      |

<sup>(1)</sup> Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset or the movement of the reserve between short term and long term.

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**NiSOURCE INC.**

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Our CEO and CFO are responsible for evaluating the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that are filed or submitted under the Exchange Act are accumulated and communicated to management, including our CEO and CFO, 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 CEO and CFO concluded that, as of the end of the period covered by this report, disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management, including our CEO and CFO, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2024, we conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

**Changes in Internal Controls**

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

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ITEM 9A. CONTROLS AND PROCEDURES

NiSOURCE INC.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 12, 2025, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 12, 2025

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**ITEM 9B. OTHER INFORMATION**

**NiSOURCE INC.**

**Director and Officer Trading Arrangements**

The following table describes any contracts, instructions or written plans for the sale or purchase of NiSource securities and intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act that were adopted by our directors and executive officers during the year ended December 31, 2024:

| <b>Name and Title</b>                                               | <b>Date of Adoption of Rule 10b-5-1 Trading Plan</b> | <b>Scheduled Expiration Date of Rule 10b5-1 Trading Plan<sup>(1)</sup></b> | <b>Aggregate Number of Securities to Be Purchased or Sold</b>        |
|---------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|
| Shawn Anderson Executive Vice President,<br>Chief Financial Officer | 11/1/2024                                            | 5/30/2025                                                                  | Sale of up to 12,900 shares of common stock in multiple transactions |
| Michael Jesanis Director                                            | 11/11/2024                                           | 5/16/2025                                                                  | Sale of up to 10,092 shares of common stock in multiple transactions |

<sup>(1)</sup>A trading plan may also expire on such earlier date that all transactions under the trading plan are completed.

During the year ended December 31, 2024, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

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### **PART III**

**NiSOURCE INC.**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K and the information with respect to our insider trading policy set forth below, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance - Board Committee Composition," "Corporate Governance - Code of Business Conduct," and "Delinquent Section 16(a) Reports" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

##### **Insider Trading Policy**

The Company has adopted an Insider Trading Policy, our "Securities Transaction Compliance Policy", governing the purchase, sale, and/or other dispositions of the Company's securities by our directors and all employees, including officers as defined under Rule 16a-1(f) of the Securities Exchange Act of 1934 and certain designated employees as well as their immediate family and members of their households, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations and the exchange listing standards applicable to us. A copy of our policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference to the discussion in "Compensation and Human Capital Committee Interlocks and Insider Participation," "2024 Director Compensation," "2024 Executive Compensation," "Compensation Discussion and Analysis (CD&A)," "Assessment of Risk," "2024 Pay Versus Performance," and "Compensation and Human Capital Committee Report" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management," and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Registered Public Accounting Firm Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2025.

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**PART IV**

**NiSOURCE INC.**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

**Financial Statements and Financial Statement Schedules**

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

|                                                                                        | Page                |
|----------------------------------------------------------------------------------------|---------------------|
| <a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 34)</a> | <a href="#">58</a>  |
| <a href="#">Statements of Consolidated Income</a>                                      | <a href="#">61</a>  |
| <a href="#">Statements of Consolidated Comprehensive Income</a>                        | <a href="#">62</a>  |
| <a href="#">Consolidated Balance Sheets</a>                                            | <a href="#">63</a>  |
| <a href="#">Statements of Consolidated Cash Flows</a>                                  | <a href="#">65</a>  |
| <a href="#">Statements of Consolidated Stockholders' Equity</a>                        | <a href="#">66</a>  |
| <a href="#">Notes to Consolidated Financial Statements</a>                             | <a href="#">68</a>  |
| <a href="#">Schedule II</a>                                                            | <a href="#">121</a> |

**Exhibits**

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

| EXHIBIT<br>NUMBER | DESCRIPTION OF ITEM                                                                                                                                                                                                                                                              |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1.1)             | Form of Equity Distribution Agreement (incorporated by reference to <a href="#">Exhibit 1.1 of the NiSource Inc. Form 8-K</a> filed on February 22, 2024).                                                                                                                       |
| (1.2)             | Form of Master Forward Sale Confirmation (incorporated by reference to <a href="#">Exhibit 1.2 of the NiSource Inc. Form 8-K</a> filed on February 22, 2024).                                                                                                                    |
| (2.1)             | Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to <a href="#">Exhibit 2.1 to the NiSource Inc. Form 8-K</a> filed on July 2, 2015).                                 |
| (3.1)             | Articles of Incorporation of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to <a href="#">Exhibit 3.3 to the NiSource Inc. Form 8-K filed on October 22, 2024</a> ).                                                                |
| (3.2)             | Bylaws of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to <a href="#">Exhibit 3.4 to the NiSource Inc. Form 8-K</a> filed on October 22, 2024).                                                                                    |
| (3.3)             | Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on December 6, 2018).                                               |
| (3.4)             | Certificate of Designations of Series B-1 Preferred Stock (incorporated by reference to <a href="#">Exhibit 3.1 to the NiSource Inc. Form 8-K</a> filed on December 27, 2018).                                                                                                   |
| (3.5)             | Certificate of Elimination of the Company with respect to the Series B Preferred Stock and Series B-1 Preferred Stock (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on March 18, 2024).                                          |
| (3.6)             | Certificate of Elimination of the Company with respect to the Series C Preferred Stock, dated October 21, 2024, issued by NiSource Inc. (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on October 22, 2024).                      |
| (3.7)             | Certificate of Elimination of the Company with respect to the Series A Junior Participating Preferred Stock, dated October 21, 2024, issued by NiSource Inc. (incorporated by reference to <a href="#">Exhibit 3.2 of the NiSource Inc. Form 8-K</a> filed on October 22, 2024). |
| (4.1)             | Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).           |



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- (4.2) First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
- (4.3) Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
- (4.4) Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
- (4.5) Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
- (4.6) Form of 3.490% Notes due 2027 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on May 17, 2017).
- (4.7) Form of 4.375% Notes due 2047 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on May 17, 2017).
- (4.8) Form of 3.950% Notes due 2048 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on September 8, 2017).
- (4.9) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3](#) filed November 30, 2017 (Registration No. 333-214360)).
- (4.10) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on December 1, 2017).
- (4.11) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 10-Q](#), filed on May 2, 2018).
- (4.12) Fourth Supplemental Indenture, dated as of December 18, 2023, between NiSource, Inc. and The Bank of New York Mellon, as trustee, relating to the 7.99% Medium-Term Notes due 2027 and the 6.78% Senior Notes due 2027 (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on December 18, 2023).
- (4.13) Subordinated Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Form 8-K](#) filed on May 16, 2024).
- (4.14) First Supplemental Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.3 to the NiSource Form 8-K](#) filed on May 16, 2024).
- (4.15) Second Supplemental Indenture, dated as of September 09, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Form 8-K](#) filed on September 09, 2024).
- (4.16) Deposit Agreement, dated as of December 5, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the depositary receipts described therein (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on December 6, 2018).
- (4.17) Form of Depositary Receipt (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on December 6, 2018).
- (4.18) Amended and Restated Deposit Agreement, dated as of December 27, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depositary, and the holders from time to time of the depositary receipts described therein (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 27, 2018).
- (4.19) Form of Depositary Receipt (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 27, 2018).

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- (4.20) Form of 2.950% Notes due 2029 (incorporated by reference to [Exhibit 4.1 to NiSource Inc. Form 8-K](#) filed on August 12, 2019).
- (4.21) Amended and Restated NiSource Inc. Employee Stock Purchase Plan (incorporated by [reference to Exhibit C to the Registrant's Definitive Proxy Statement on Schedule 14A](#), filed with the Commission on April 1, 2019).
- (4.22) Form of 3.600% Notes due 2030 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 8, 2020).
- (4.23) Form of 0.950% Notes due 2025 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.24) Form of 1.700% Notes due 2031 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.25) Form of 5.000% Notes due 2052 (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on June 10, 2022).
- (4.26) Form of 5.250% Notes due 2028 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on March 24, 2023).
- (4.27) Form of 5.400% Notes due 2033 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 9, 2023).
- (4.28) Form of 5.350% Notes due 2034 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on March 14, 2024).
- (4.29) Form of 6.950% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2054 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on May 16, 2024).
- (4.30) Form of 5.200% Notes due 2029 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on June 24, 2024).
- (4.31) Form of 6.375% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2055 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on September 09, 2024).
- (4.32) [Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act.](#)\*\*
- (4.33) Form of 6.25% Notes due 2040 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 6, 2010).
- (4.34) Form of 5.95% Notes due 2041 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on June 10, 2011).
- (4.35) Form of 5.80% Notes due 2042 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on November 17, 2011).
- (4.36) Form of 5.25% Notes due 2043 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 14, 2012).
- (4.37) Form of 4.80% Notes due 2044 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 12, 2013).
- (4.38) Form of 5.65% Notes due 2045 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on October 7, 2013).
- (10.1) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).\*
- (10.2) First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 to the NiSource Inc. Form 10-K](#) filed on February 18, 2014).\*
- (10.3) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).\*
- (10.4) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed October 23, 2015).\*

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- (10.5) Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to [Exhibit 10.3 to the NiSource Inc. Form 10-Q](#) filed on November 3, 2015).\*
- (10.6) Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).\*
- (10.7) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to NiSource Inc. Form 10-Q](#) filed on August 2, 2011).\*
- (10.8) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.18 to the NiSource Inc. Form 10-K](#) filed on February 22, 2017). \*
- (10.9) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to [Exhibit 10.21 to the NiSource Inc. Form 10-K](#) filed on February 19, 2013).\*
- (10.10) Amended and Restated Executive Deferred Compensation Plan, dated August 12, 2024 (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-Q](#) filed on October 30, 2024).\*
- (10.11) Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K](#) filed on August 26, 2005).
- (10.12) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to [Exhibit 10.30 to the NiSource Inc. Form 10-K](#) filed on February 27, 2009).
- (10.13) Form of Change in Control and Termination Agreement (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 10-Q](#) filed on August 2, 2017).\*
- (10.14) Registration Rights Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 8-K](#) filed on May 2, 2018).
- (10.15) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement](#) to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
- (10.16) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of January 25, 2024 (incorporated by reference to [Appendix B to the NiSource Inc. Definitive Proxy Statement](#) to Stockholders for the Annual Meeting to be held on May 13, 2024, filed on April 1, 2024).
- (10.17) Form of Cash-Based Award Agreement (incorporated by reference to [Exhibit 10.41 of the NiSource Form 10-K](#) filed on February 28, 2020).\*
- (10.18) 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit A to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 19, 2020](#), filed on April 13, 2020).\*
- (10.19) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-Q](#) filed on August 5, 2020).\*
- (10.2) NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.4 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.21) Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.5 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).
- (10.22) Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.6 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.23) First Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates dated October 12, 2023 and effective November 1, 2020 (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 21, 2024).\*
- (10.24) NiSource Inc. Executive Severance Policy, as amended and restated effective October 19, 2020 (incorporated by reference to [Exhibit 10.7 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*

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- (10.25) NiSource Next Voluntary Separation Program, effective as of August 5, 2020 (incorporated by reference to [Exhibit 10.8 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.26) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.53 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.27) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.54 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.28) Form of Special Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.55 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.29) Sixth Amended and Restated Revolving Credit Agreement, dated as of February 18, 2022, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, JPMorgan Chase Bank, N.A. and MUFG Bank, Ltd., as Co-Syndication Agents, Credit Suisse AG, New York Branch, Wells Fargo Bank, National Association, and Bank of America, National Association, as Co-Documentation Agents, Barclays Bank PLC and MUFG Bank, Ltd., as Co-Sustainability Structuring Agents, and Barclays Bank PLC, JPMorgan Chase Bank, N.A. MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, Wells Fargo Securities, LLC, and BofA Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on February 18, 2022).
- (10.3) Amendment No. 1 to the Sixth Amended and Restated Revolving Credit Agreement dated February 18, 2022, made as of August 23, 2023 by and among NiSource Inc., the financial institutions listed on the signature pages and Barclays Bank PLC, as administrative agent (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on August 23, 2023).
- (10.31) First Amendment to the NiSource Inc. 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-Q](#) filed on May 4, 2022).
- (10.32) Credit Agreement, dated as of December 20, 2022, among NiSource Inc., as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, PNC Capital Markets LLC, as Syndication Agent, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents and JPMorgan Chase Bank, N.A., PNC Capital Markets LLC, Bank of America, N.A. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on December 20, 2022).
- (10.33) Amendment No. 1 to the Credit Agreement dated December 20, 2022, made as of October 5, 2023 by and among NiSource Inc., the financial institutions listed on the signature pages and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on October 5, 2023).
- (10.34) Credit Agreement, dated as of November 9, 2023, among NiSource Inc., as Borrower, the lenders party there to, and U.S. Bank National Association, as Administrative Agent, as Sole Lead Arranger and Bookrunner (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on November 9, 2023).
- (10.35) Augmenting Lender Supplement, dated December 6, 2023, by and among NiSource Inc., Mizuho Bank, LTD, Bank of Montreal. and U.S. Bank National Association (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on December 6, 2023).
- (10.36) Form of Restricted Stock Unit Award Agreement.(incorporated by reference to [Exhibit 10.57 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.37) Form of Performance Share Unit Award Agreement (incorporated by reference to [Exhibit 10.58 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.38) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.59 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.39) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.60 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.40) Purchase and Sale Agreement, dated as of June 17, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on June 20, 2023).
- (10.41) Amendment No. 1 to the Purchase and Sale Agreement, dated as of July 6, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-Q](#) filed on August 2, 2023).\*\*\*\*

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- (10.42) Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated December 31, 2023 (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on January 2, 2024).\*\*\*\*
- (10.43) Second Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated January 30, 2024 (incorporated by reference to [Exhibit 10.44 to the NiSource Inc. Form 10-K](#) filed on February 21, 2024).\*
- (10.44) Form of 2024 CEO RSU Award Agreement (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.45) Form of 2024 CEO PSU Award Agreement (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.46) Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.3 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.47) Form of PSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.48 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*\*\*\*
- (10.48) Separation Agreement dated March 15, 2024, between NiSource Inc. and Donald Brown (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on March 15, 2024).
- (19.1) [Securities Transaction Compliance Policy](#).\*\*
- (21) [List of Subsidiaries](#).\*\*
- (23) [Consent of Deloitte & Touche LLP](#).\*\*
- (31.1) [Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).\*\*
- (31.2) [Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).\*\*
- (32.1) [Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\)](#).\*\*
- (32.2) [Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\)](#).\*\*
- (97.1) [NiSource Inc. Compensation Recoupment Policy](#).\*\*
- (101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. \*\*
- (101.SCH) Inline XBRL Schema Document.\*\*
- (101.CAL) Inline XBRL Calculation Linkbase Document.\*\*
- (101.LAB) Inline XBRL Labels Linkbase Document.\*\*
- (101.PRE) Inline XBRL Presentation Linkbase Document.\*\*
- (101.DEF) Inline XBRL Definition Linkbase Document.\*\*
- (104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)
- \* Management contract or compensatory plan or arrangement of NiSource Inc.
- \*\* Exhibit filed herewith.
- \*\*\* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.
- \*\*\*\* Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission (the “SEC”) upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

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ITEM 16. FORM 10-K SUMMARY

None.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

|                                |                                                                                                                                     |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                                | NiSource Inc.                                                                                                                       |
|                                | _____<br>(Registrant)                                                                                                               |
| Date: <u>February 12, 2025</u> | By: <u>/s/ LLOYD M. YATES</u><br>Lloyd M. Yates<br>President, Chief Executive Officer and Director<br>(Principal Executive Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|                                                                 |                                                                                          |                                |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------|
| <u>/s/ LLOYD M. YATES</u><br>Lloyd M. Yates                     | President, Chief Executive Officer,<br>and Director<br>(Principal Executive Officer)     | <u>Date: February 12, 2025</u> |
| <u>/s/ SHAWN ANDERSON</u><br>Shawn Anderson                     | Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer) | <u>Date: February 12, 2025</u> |
| <u>/s/ GUNNAR J. GODE</u><br>Gunnar J. Gode                     | Vice President and<br>Chief Accounting Officer<br>(Principal Accounting Officer)         | <u>Date: February 12, 2025</u> |
| <u>/s/ KEVIN T. KABAT</u><br>Kevin T. Kabat                     | Chairman of the Board                                                                    | <u>Date: February 12, 2025</u> |
| <u>/s/ PETER A. ALTABEF</u><br>Peter A. Altabef                 | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ SONDRA L. BARBOUR</u><br>Sondra L. Barbour               | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ THEODORE H. BUNTING, JR.</u><br>Theodore H. Bunting, Jr. | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ ERIC L. BUTLER</u><br>Eric L. Butler                     | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ DEBORAH A. HENRETTA</u><br>Deborah A. Henretta           | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ DEBORAH A.P. HERSMAN</u><br>Deborah A. P. Hersman        | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ WILLIAM D. JOHNSON</u><br>William D. Johnson             | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ MICHAEL E. JESANIS</u><br>Michael E. Jesanis             | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ CASSANDRA S. LEE</u><br>Cassandra S. Lee                 | Director                                                                                 | <u>Date: February 12, 2025</u> |
| <u>/s/ JOHN MCAVOY</u><br>John McAvoy                           | Director                                                                                 | <u>Date: February 12, 2025</u> |



**Exhibit 4.32**

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO  
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

NiSource Inc. ("NiSource") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

common stock, par value \$0.01 per share (the "common stock").

The following is a summary description of the material terms of our common stock. It may not contain all the information that is important to you. For additional information, you should refer to the provisions of our Amended and Restated Certificate of Incorporation, as amended (the "certificate of incorporation") and our bylaws, as amended and restated (the "bylaws"), each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference.

**GENERAL**

**Authorized Capital Stock**

The authorized capital stock of NiSource consists of 770,000,000 shares, of which 750,000,000 are common stock, par value \$0.01, and 20,000,000 are preferred stock, par value \$0.01.

**Anti-Takeover Provisions**

NiSource's certificate of incorporation includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. More specifically, the certificate of incorporation provides that stockholders may not cumulate their votes and stockholder action may be taken only at a duly called meeting and not by written consent. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

Under Delaware law, the approval of the holders of a majority of the outstanding shares of a class of NiSource's capital stock would be necessary to authorize any amendment to the certificate of incorporation that would increase or decrease the aggregate number of authorized shares of such class of capital stock or that would adversely alter or change the powers, preferences or special right of such class of capital stock. The effect of this provision may permit the holders of NiSource's outstanding shares of capital stock to block a proposed amendment to the certificate of incorporation in connection with a potential acquisition of NiSource if such amendment would adversely affect the powers, preferences or special rights of our capital stock.

NiSource is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination" (as defined therein), which includes, among other things, a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock or an affiliate or associate of such person.

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## DESCRIPTION OF COMMON STOCK

### Liquidation Rights

In the event of any liquidation, dissolution or winding up of NiSource, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of NiSource and the distribution in full of all preferential amounts (including any accumulated and unpaid dividends) to which the holders of any series of preferred stock of NiSource hereafter created are entitled, the holders of common stock will share ratably in the remaining assets in proportion to the number of shares of common stock held by them respectively. A consolidation or merger of NiSource with or into any other corporation, or any purchase or redemption of shares of any class of NiSource's capital stock, will not be deemed to be a liquidation, dissolution or winding up of NiSource's affairs.

### Voting Rights

Except as otherwise required by Delaware law or as otherwise provided in the certificate of designations for any series of preferred stock of NiSource hereafter created, holders of NiSource's common stock exclusively possess voting power for the election of NiSource's directors and all other matters requiring stockholder action. Each holder of common stock, if entitled to vote on a matter, is entitled to one vote per share. Holders of common stock are not entitled to cumulative voting rights. Holders of common stock will be notified of any stockholders' meeting according to applicable law.

### Dividend Rights

Holders of common stock will be entitled to receive dividends, when, as and if declared by NiSource's board of directors out of legally available funds for such purpose in accordance with Delaware law, subject to the powers, preferences and rights afforded to the holders of any series of preferred stock of NiSource hereafter created. Dividends may be paid in cash, capital stock or other property of NiSource.

NiSource is an energy holding company that derives substantially all of its revenues and earnings from the operating results of the rate-regulated businesses of its subsidiaries. Accordingly, NiSource's ability to pay dividends on its capital stock is dependent primarily upon the earnings and cash flows of its subsidiaries and the distribution or other payment of such earnings to NiSource. NiSource's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts on the capital stock of NiSource or to make any funds available therefor, whether by dividends, loans or other payments.

### No Preemptive Rights

Holders of NiSource's common stock are not entitled to, as holders of common stock, any preemptive rights with respect to any shares of NiSource's capital stock or any of its securities convertible into or exercisable for its capital stock.

Exhibit 19.1



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**POLICY SUBJECT:** Securities Transaction Compliance Policy

**EFFECTIVE DATE:** November 2001

**REVISED:** December 11, 2023

NiSource Inc. (the “Company”) has instituted the following compliance policy in order to protect the Company and assist the Company’s board of directors and all employees in complying with the prohibition against insider trading under Rule 10b-5 under the Securities Exchange Act of 1934.

This policy covers the board of directors and all employees (including i) officers as defined under Rule 16a-1(f) of the Securities Exchange Act of 1934 (the “Exchange Act”) (a “Section 16 Officer”) and ii) Designated Employees, as defined below) of, or consultants or contractors to, the Company or its subsidiaries, as well as their immediate family (defined below) and members of their households. In addition, this policy applies to any entities that an employee influences or controls, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this policy and applicable securities laws as if they were for an employee’s own account.

The securities covered by this policy include all Company “securities” as defined by federal securities laws. This could include common stock, preferred stock or debt securities of the Company or any subsidiary of the Company, options or rights to purchase or sell such securities (including warrants, puts, calls, and straddles) and derivative securities. Derivative securities include options, warrants, convertible securities, stock appreciation rights and other similar rights with an exercise or conversion privilege at a price related to an equity security or a value derived from the value of an equity security. If you are unsure whether an arrangement involves a security, please consult the General Counsel’s (“GC”) office.

The policy covers all securities that you hold beneficially, even if you are not the owner of record. This includes securities of the Company that are held in the Company’s Savings Plan (“401(k) Plan”), the Employee Stock Purchase Plan and the Automatic Dividend Reinvestment and Share Purchase Plan. A beneficial owner includes a director or employee who has or shares a direct or indirect pecuniary interest in the security. A pecuniary interest is defined generally as the opportunity, directly or indirectly, to profit or share in any profit from a transaction in the securities. An indirect pecuniary interest in any class of securities includes securities held by members of a director’s or an employee’s immediate family sharing the same household. “Immediate family” is defined as any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and includes adoptive relationships.

For purposes of this policy, certain employees who work in the areas identified on Exhibit A and their immediate family members are referred to as “Designated Employees.” This list of

Exhibit 19.1

Designated Employees is maintained by the Corporate Secretary department. Managers of these individuals must provide a copy of this policy to employees covered and notify the Corporate Secretary department if there are any changes within their organization such that Designated Employees would need to be updated.

For the avoidance of doubt, the reference to “Designated Employees” is different than “all employees” referenced throughout and applies to a smaller sub-set of employees. If you are unsure whether a portion of this policy applies to you, please contact the GC’s office.

1. **Material Nonpublic Information.** Directors and all employees should not engage in any transaction in the Company’s securities while in possession of material nonpublic information regarding the Company or during any period for which the GC office recommends that trading be suspended. Such periods usually relate to the time between the internal identification of material information and the public disclosure of that information. If you are unclear whether the information that you possess is material and would prevent you from trading during a non-black-out period, you should contact the GC’s office.

Insider trading occurs when a person uses material nonpublic information obtained through their employment or other involvement with a company to make decisions to purchase, sell or otherwise trade that company’s securities or to provide that information to others outside the company. The prohibitions against insider trading apply to trading, tipping and making recommendations to trade by virtually any person, including all persons associated with the Company, if the information involved is material and nonpublic. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses, or other earnings guidance;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset or subsidiary;
- Changes in dividend policies, the declaration of a stock split or the offering of additional securities;
- A change in management;
- Impending bankruptcy or financial liquidity problems;
- New major contracts, orders, suppliers, customers or finance sources, or the loss thereof;
- Pending or threatened significant litigation, or the resolution of such litigation; or
- A significant cybersecurity event at the Company, or any other significant disruption in the Company’s operations.

2. **Designation of Filing Coordinator.** The GC or their designee is the Company’s “Filing Coordinator”. The GC or designee will assist directors, Section 16 Officers and Designated Employees in compliance. The GC or designee will assist in considering legal questions relating to beneficial ownership of the Company’s securities and reporting

Exhibit 19.1

obligations and possible liability, if any, associated with trading in such securities. The GC or designee will also keep directors and Section 16 Officers apprised of relevant legal developments in this area. The Filing Coordinator will be responsible for preparation and filing of directors' and Section 16 Officers' Form 3, 4 and 5 reports based on information furnished by directors and Section 16 Officers (see further instructions in paragraphs 7 and 11 below). In addition, the Filing Coordinator will review, or at the request of a Section 16 Officer or director, prepare Form 144 notices. Directors and Section 16 Officers will be responsible for the timely transmission of Form 144 notices unless otherwise prearranged with the Filing Coordinator.

3. **Pre-clearance of Transactions.** Directors and Section 16 Officers must contact the GC or their designee before engaging in any transaction involving securities of the Company including discretionary transactions in securities that occur in connection with any of the Company's employee benefit plans. A discretionary transaction is any transaction under an employee benefit plan that results in either (a) a volitional intra-plan transfer (a "fund switch" or "fund reallocation") involving any fund consisting of equity securities of the Company (including mixed equity funds where more than 20 percent of the fund's assets are invested in Company equity securities), or (b) a cash distribution funded by a volitional disposition of a Company equity security. As described above, securities of the Company include not only securities (such as common stock, preferred stock, notes or debentures) but also derivative securities (such as options, phantom stock, SARs or convertible securities). Transactions include not only purchases and sales of securities or derivative securities, but gifts, donations or other transfers for charitable, tax, estate planning or other purposes. Pre-clearance will enable the GC or designee to consider the following questions in order to confirm that the transaction complies with all applicable requirements of the federal securities laws:
- a. Section 16(b) - Have there been or will there be any purchases and sales by the person engaging in the transaction or by any member of his immediate family (or by a family trust, a controlled corporation, or a partnership of which the person is general partner) within the last or next six months?
  - b. Rule 10b-5 - Does the person engaging in the transaction have any material nonpublic information about the Company, or are there other circumstances that might suggest that this is an inappropriate time to trade?
  - c. Rule 144 - Has the person engaging in a sale transaction complied with Rule 144?
  - d. Are there any other reasons a transaction should not occur now?

Directors and Section 16 Officers who avail themselves of a Rule 10b5-1 plan described in paragraph 8 below will no longer need to pre-clear transactions for approval for purposes of Rule 10b-5. However, since Rule 10b5-1 does not create an exemption for purposes of Section 16, the Filing Coordinator must be notified promptly after such transaction, and the broker or other person executing the transaction must timely transmit a Form 144 notice.

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4. **Trading Blackout Period.** Directors, Section 16 Officers and Designated Employees are prohibited from transacting in Company securities during the period beginning two weeks before the end of a calendar quarter (or, in the case of the fourth quarter, four weeks before the end of the calendar quarter) and ending on the second day after the public release of results for that quarter. This black-out period does not apply to purchases made through regular payroll deduction in the Employee Stock Purchase Plan or the 401(k) Plan or reinvestment of dividends through the Automatic Dividend Reinvestment and Share Purchase Plan, as long as elections made with respect to participation in these plans are not made during a black-out period. The black-out periods also do not apply to in-kind distributions of Company Common Stock from the Employee Stock Purchase Plan and the Automatic Dividend Reinvestment and Share Purchase Plan, except as a result of a discretionary transaction described in paragraph 3 above. Transactions include not only purchases and sales of securities or derivative securities, but gifts, donations or other transfers for charitable, tax, estate planning or other purposes.

From time to time, an event may occur that is material to the Company and is known by only a few directors, Section 16 Officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the GC or designee may not trade Company securities. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the GC or designee, designated persons should refrain from trading in Company securities even sooner than the typical blackout period described above. In that situation, the GC or designee may notify these persons that they should not trade in the Company's securities, without disclosing the reason for the restriction. The existence of an event-specific trading restriction period or extension of a blackout period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the GC or designee has not designated an employee as a person who should not trade due to an event-specific restriction, an employee should not trade while aware of material nonpublic information. Exceptions will generally not be granted during an event-specific trading restriction period.

5. **Recommended Transaction Period.** To the extent possible, directors, Section 16 Officers and Designated Employees should, outside of transactions under certain of the Company's benefit plans, engage in transactions in the Company's securities only when there is relative stability in the market for the Company's securities and during the 30-day period following the public release of annual or quarterly results. However, even within those periods, no transaction should be entered into in violation of the prohibition under Rule 10b-5 against the use of material nonpublic information, and all transactions should be carried out in compliance with federal securities laws.
6. **Prohibited Transactions.** No director or employee may engage in a "short sale" of the Company's securities or buy or sell puts or calls or other options on the Company's securities. A "short sale" is one involving securities which the seller does not own at the time of sale, or, if owned, are not delivered within 20 days after the sale or deposited in the mail or other usual channels of transportation within five days after the sale.

In addition, no director, Section 16 Officer or employee may engage in purchases of the Company's securities on margin, or holding the securities in a margin account, borrowing

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against any account in which the securities are held or otherwise pledging securities as collateral for a loan.

Also, Section 16(b) imposes liability on directors and Section 16 Officers who trade securities of the Company within a period shorter than 6 months (referred to as short swing profit liability). Any “profits” realized by the purchase and sale or the sale and a purchase of any security of the Company beneficially owned by a director or Section 16 Officer within a period of less than six months are recoverable by the Company. If the Company does not bring an action to recover these profits, any stockholder acting on the Company’s behalf may do so.

7. **Reporting Forms.** Every director and Section 16 Officer must file the following reports:
  - a. An initial report on Form 3 disclosing holdings of the Company’s securities as of the date a person becomes a director or Section 16 Officer must be filed with the SEC within ten days of attaining director or Section 16 Officer status.
  - b. Subsequent reports on Form 4 disclosing any change in beneficial ownership of the Company’s securities (except for transactions covered by specific exemptions) must be filed with the SEC before the end of the second business day following the day on which the subject transaction has been executed; and
  - c. Annual Reports on Form 5 disclosing any holding or transaction not previously disclosed because of *either* an exemption or a failure to file must be filed with the SEC by February 14 of each year.
8. **Trading Plans for Trading Securities under Rule 10b5-1.** Rule 10b5-1 provides an affirmative defense to liability for insider trading. When a director, Section 16 Officer or Designated Employee, at a time when he or she does not possess material nonpublic information, enters into a binding contract, instruction, or written plan under specified terms and conditions for the purchase or sale of securities (“Plan”), the director, Section 16 Officer or Designated Employee is afforded an affirmative defense against a later claim, if the purchase or sale occurs pursuant to the Plan. The Plan must either (i) expressly specify the amount, price and date of trades, (ii) include a written formula or algorithm, or computer program, for determining amounts, prices and dates, or (iii) not permit the person to exercise any subsequent influence over how, when, or whether to effect purchases or sales; provided, in addition, that any other person who does exercise such influence is not aware of any material nonpublic information when doing so. A plan must include a representation certifying that, at the time the Plan is adopted, (i) the director, Section 16 Officer or Designated Employee is not in possession of any material non-public information about the Company or its securities and ii) the Plan is being adopted in good faith and not as a part of a plan or scheme to evade the prohibitions of Rule 10b-5. A director, Section 16 Officer or Designated Employee is also required to act in good faith throughout the duration of the Plan.

Purchases and sales made pursuant to such a Plan are not subject to the blackout period described above, provided that:

- For Designated Employees, no purchases or sales may occur until 30 days after the adoption of the Plan. Any modification to the price, amount of

Exhibit 19.1

securities or timing of the sale or purchase of the securities under a Plan will be deemed the termination of the original Plan and adoption of a new Plan, triggering a new 30-day cooling-off period.

- For directors or Section 16 Officers, the first proposed sale under a Plan must meet the below requirements. Any modification to the price, amount of securities or timing of the sale or purchase of the securities under a Plan will be deemed the termination of the original Plan and adoption of a new Plan, triggering a new cooling-off period, as described below.
  - o With respect to Plans implemented during the first, second or third quarter of a calendar year, the first sale under a Plan may not occur until the expiration of a cooling-off period consisting of the later of (i) 90 days after the adoption of the Plan and (ii) two business days following the public release of the Company's quarterly financial information on Form 10-Q with respect to the quarter in which the Plan was adopted or modified.

With respect to Plans implemented during the fourth quarter of a calendar year, the first sale under a Plan may not occur until the expiration of a cooling-off period consisting of the later of (i) 90 days after the adoption of the Plan and (ii) two business days following the public release of the Company's fourth quarter and year-end financial information on Form 10-K.

A director, Section 16 Officer or Designated Employee may only have one Plan outstanding at a time, unless the overlapping Plan is (i) a successor Plan under which trades do not begin until the completion or expiration of the preceding Plan or (ii) an arrangement that authorizes the sale of only enough securities to cover tax withholding associated with vesting of equity awards and the director, Section 16 Officer or Designated Employee has no discretion over the timing of such sales. A director, Section 16 Officer or Designated Employee may not enter into more than one single-trade Plan in a consecutive 12-month period.

A purchase or sale under Rule 10b5-1 is not protected from liability if the insider alters or deviates from the contract, instruction or plan, or enters into or alters a corresponding or hedging transaction or position with respect to those securities.

All directors, Section 16 Officers or Designated Employees must obtain pre-clearance of any Plan from the GC or designee and file a copy of such Plan with the Corporate Secretary. A Plan must still comply with all other applicable disclosure, reporting and other requirements under federal and state securities laws, including Section and Rule 144.

9. **Confidentiality.** Directors and employees must maintain nonpublic information about the Company in strict confidence, must not communicate such information to any person, and should refer any questions to the GC's office.
10. **Post-Termination Transactions.** This policy continues to apply to transactions in Company securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, that



Exhibit 19.1

individual may not trade in Company securities until that information has become public or is no longer material.

The pre-clearance procedures specified below, however, will cease to apply to transactions in Company securities upon the expiration of any black-out period or other Company-imposed trading restrictions applicable at the time of the termination of service.

11. **Completion and Filing of Forms 3, 4 and 5.** All Forms 3, 4 and 5 for the Company's directors and Section 16 Officers will be prepared and filed by the Filing Coordinator. The Filing Coordinator must be advised of changes in security ownership prior to the execution of a transaction. The Filing Coordinator will send you completed Forms 3, 4 or 5, for review and execution, if time permits, or will sign the completed form on your behalf, in accordance with the authority granted by you in a power of attorney. **You must return the executed form to the Filing Coordinator immediately so that the Filing Coordinator can meet the filing deadline with the SEC.** The Filing Coordinator will automatically prepare a Form 5 each year to report any transactions not previously reported, including exempt transactions under the Company's benefit plans. If you are not required to file a Form 5 in a given year, the directors' and officers' questionnaire you execute in connection with the Company's Form 10-K and proxy statement will contain a representation that you have no obligation to file a Form 5. The Filing Coordinator's office will retain a signed copy of each Form 3, 4 and 5 (or directors' and officers' questionnaire in lieu thereof) in its files.
12. **Cooperation with the Company.** Please recognize that enforcement of these securities laws can result in individual penalties. The Company has adopted this compliance policy to assist its directors and all employees in complying with these laws, but ultimately each director and Section 16 Officer is responsible for making sure that all Forms 3, 4 and 5 and Form 144 notice filings are made in a correct and timely fashion and that all transactions comply with applicable short-swing and insider trading rules. Please report all anticipated transactions involving the Company's securities to the GC or designee as early as possible in order to facilitate your compliance.
13. **Exemptions from this policy.** The Company's GC has the authority to grant exemptions or exceptions from this policy. Exemptions or exceptions will generally not be granted.
14. **Consequences of Violation.** The consequences of violating Rule 10b-5 can be very serious to a director, an individual employee and the Company and include possible civil and criminal penalties.

The consequences of violating the requirements for directors and Section 16 Officers could include public disclosure of all reporting violations in the Company's proxy statement and Annual Report on Form 10-K.

Employees who violate this policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's equity incentive plans or termination of employment.

Exhibit 19.1

**Exhibit A – Designated Employees**

(as may be amended from time to time by the Company’s General Counsel or Corporate Secretary department)

**Administrative Staff of Section 16 Officers and Executive Council**

**Assistant Controller’s Office**

**Controller’s Office**

**Corporate Communications Department (Certain Employees)**

**Corporate Planning Department**

**Corporate Secretary (Certain Employees)**

**Executive Council Members**

**Human Resources (Certain Employees)**

**Investor Relations**

**Legal Department (Certain Employees)**

**Segment Controllers and Financial Planning**

**Tax Administration (Certain Employees)**

**Treasury Department (Certain Employees)**

**Exhibit 21**

**SUBSIDIARIES OF NISOURCE**

**as of December 31, 2024**

**Segment/Subsidiary**

**GAS DISTRIBUTION OPERATIONS**

Bay State Gas Company  
Columbia Gas of Kentucky, Inc.  
Columbia Gas of Maryland, Inc.  
Columbia Gas of Ohio, Inc.  
Columbia Gas of Pennsylvania, Inc.  
Columbia Gas of Virginia, Inc.  
NiSource Gas Distribution Group, Inc.

**State of Incorporation**

Massachusetts  
Kentucky  
Delaware  
Ohio  
Pennsylvania  
Virginia  
Delaware

**ELECTRIC OPERATIONS**

Dunn's Bridge I Solar Generation LLC  
Dunns Bridge Solar Center, LLC  
Fairbanks Solar Generation LLC  
Gibson Solar Generation LLC  
Indiana Crossroads Solar Generation LLC  
Indiana Crossroads Wind Farm LLC  
Indiana Crossroads Wind Generation LLC  
Meadow Lake Solar Park LLC  
Northern Indiana Public Service Company LLC\*  
RoseWater Wind Farm LLC  
RoseWater Wind Generation LLC

Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Indiana  
Delaware  
Delaware

**CORPORATE AND OTHER OPERATIONS**

Columbia Gas of Ohio Receivables Corporation  
Columbia Gas of Pennsylvania Receivables Corporation  
Lake Erie Land Company  
NIPSCO Accounts Receivable Corporation  
NIPSCO Generation LLC  
NIPSCO Holdings I LLC  
NIPSCO Holdings II LLC  
NiSource Corporate Group, LLC  
NiSource Corporate Services Company  
NiSource Development Company, Inc.  
NiSource Energy Technologies, Inc.  
NiSource Insurance Corporation, Inc.

Delaware  
Delaware  
Indiana  
Indiana  
Indiana  
Indiana  
Delaware  
Delaware  
Delaware  
Indiana  
Indiana  
Utah

\* Both Gas Distribution Operations and Electric Operations

**Exhibit 23**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-268084 on Form S-3, Registration Statement Nos. 333-107743, 333-166888, 333-228102, 333-233382, 333-238501, 333-248405, 333-260906, 333-281526 on Form S-8, and Registration Statement Nos. 333-228790 and 333-228791 on Form S-4 of our reports dated February 12, 2025, relating to the consolidated financial statements of NiSource Inc. and subsidiaries (the “Company”) and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 12, 2025

Exhibit 31.1

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

I, Lloyd M. Yates, certify that:

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

Date: February 12, 2025

By:

/s/ Lloyd M. Yates  
\_\_\_\_\_  
Lloyd M. Yates  
President and Chief Executive Officer

Exhibit 31.2

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

I, Shawn Anderson, certify that:

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

Date: February 12, 2025

By: /s/ Shawn Anderson

Shawn Anderson  
Executive Vice President and Chief Financial Officer

**Exhibit 32.1**

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

In connection with the Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lloyd M. Yates, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Lloyd M. Yates

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Lloyd M. Yates  
President and Chief Executive Officer

Date: February 12, 2025

**Exhibit 32.2**

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

In connection with the Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shawn Anderson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Shawn Anderson

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Shawn Anderson  
Executive Vice President and Chief Financial Officer

Date: February 12, 2025



Exhibit 97.1

## NISOURCE INC.

### COMPENSATION RECOUPMENT POLICY

In the event of any required accounting restatement of the financial statements of NiSource Inc. (the “Company”) due to the material noncompliance of the Company with any financial reporting requirement under the applicable U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “Restatement”), the Company shall recover reasonably promptly from any person, who is or was an “Executive Officer,” as such term is defined in Rule 10D-1 adopted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 303A.14 of the NYSE’s listing standards, of the Company (each, a “Covered Person”) the amount of any “Erroneously Awarded Incentive-Based Compensation” (as defined below). This Policy shall be effective as of October 2, 2023, the effective date of Section 303A.14 of the NYSE’s listing standards (the “Effective Date”).

The amount of Incentive-Based Compensation (as defined below) that must be recovered from a Covered Person pursuant to the immediately preceding paragraph is the amount of “Recoverable Incentive-Based Compensation” (as defined below) received by a Covered Person that exceeds the amount of Recoverable Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid (referred to as the “Erroneously Awarded Incentive-Based Compensation”). For Recoverable Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return, as applicable, upon which the Recoverable Incentive-Based Compensation was received, and the Company must maintain documentation of that reasonable estimate and provide such documentation to the New York Stock Exchange (the “NYSE”). For the purposes of this Policy, Recoverable Incentive-Based Compensation will be deemed to be received in the fiscal period during which the financial reporting measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant occurs after the end of that period. The Compensation and Human Capital Committee (the “Committee”) (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board), shall determine the amount of Erroneously Awarded Incentive Based-Compensation.

For purposes of this Policy, “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a “financial reporting measure,” which means a measure that is determined and presented in accordance with Generally Accepted Accounting Principles which are used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures for this purpose. For avoidance of doubt, a financial reporting measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

For purposes of this Policy, “Recoverable Incentive-Based Compensation” means all Incentive-Based Compensation received on or after the Effective Date of this Policy set forth above by a Covered Person: (i) after beginning service as an executive officer; (ii) who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation; (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (iv) during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement, including

any applicable transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. For this purpose, the Company is deemed to be required to prepare a Restatement on the earlier of: (i) the date the Board of Directors of the Company (the "Board"), or the Company's officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. The Company's obligation to recover Erroneously Awarded Incentive-Based Compensation is not dependent on if or when the restated financial statements are filed with the Securities and Exchange Commission.

The Company shall recover the Erroneously Awarded Incentive-Based Compensation from Covered Persons unless the Compensation and Human Capital Committee of the Board of Directors (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board) determines that recovery is impracticable because: (i) the direct expense to a third party to assist in enforcing this Policy would exceed the amount of Erroneously Awarded Incentive-Based Compensation; provided that, the Company must make a reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation before concluding that recovery is impracticable, document such reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation and provide such documentation to the NYSE; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the applicable requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

In no event will the Company indemnify any Covered Person for any amounts that are recovered under this Policy, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Person to fund potential clawback obligations under this Policy. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or right of offset against any employees that is required pursuant to any statutory repayment requirement (regardless of whether implemented at any time prior to or following the adoption or amendment of this Policy), including Section 304 of the Sarbanes-Oxley Act of 2002. Any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered in determining any amounts recovered under this Policy.

The application and enforcement of this Policy does not preclude the Company from taking any other action to enforce a Covered Person's obligations to the Company, including termination of employment or institution of legal proceedings. Nothing in this Policy restricts the Company from seeking recoupment under any other compensation recoupment Policy or any applicable provisions in plans, agreements, awards or other arrangements that contemplate the recoupment of compensation from a Covered Person. If a Covered Person fails to repay Erroneously Awarded Incentive-Based Compensation that is owed to the Company under this Policy, the Company shall take all appropriate action to recover such Erroneously Awarded Incentive-Based Compensation from the Covered Person, and the Covered Person shall be required to reimburse the Company for all expenses (including legal expenses) incurred by the Company in recovering such Erroneously Awarded Incentive-Based Compensation.

The terms of this Policy shall be binding and enforceable against all Covered Persons subject to this Policy and their beneficiaries, heirs, executors, administrators or other legal representatives. If any provision of this Policy or the application of such provision to any Covered Person shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision (or the application of such provision) valid, legal or enforceable.

Each Covered Person shall sign and return to the Company, within 30 calendar days following the later of (i) the Effective Date of this Policy first set forth above or (ii) the date the individual becomes a Covered Person, the Acknowledgement Form attached hereto as Exhibit A, pursuant

to which the Covered Person agrees to be bound by, and to comply with, the terms and conditions of this Policy. Notwithstanding, Covered Persons who are no longer employed with the Company at the time this Policy is implemented will be provided a copy of this Policy for their information and will not be required to sign and return an Acknowledgment Form.

This Policy shall be interpreted in a manner that is consistent with Rule 10D-1 under the Exchange Act, Section 303A.14 of the NYSE Listed Company Manual and any related rules or regulations adopted by the Securities and Exchange Commission or the NYSE (the “Applicable Rules”) as well as any other applicable law. To the extent the Applicable Rules require recovery of incentive-based compensation in additional circumstances beyond those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover incentive-based compensation to the fullest extent required by the Applicable Rules.

This Policy shall be administered by the Committee, and any determinations made by the Committee shall be final, conclusive and binding on all persons, including the Company. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy and for the Company’s compliance with NYSE Rules, Section 10D, Rule 10D-1 and any other applicable law, regulation, rule or interpretation of the SEC or NYSE promulgated or issued in connection therewith. The Committee may amend this Policy from time to time as it deems necessary.

The Committee shall determine, in its sole discretion, the timing and method for reasonably promptly recouping Erroneously Awarded Incentive-Based Compensation, which may include without limitation a) seeking reimbursement of all or part of any cash or equity-based award, b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, c) cancelling or offsetting against any planned future cash or equity-based awards, d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder, e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Committee may affect recovery under this Policy from any amount otherwise payable to the Covered Person, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred.

Any members of the Committee, or members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation.

**EXHIBIT A**

**NiSource Inc.**

**COMPENSATION RECOUPMENT POLICY**

**ACKNOWLEDGEMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the NiSource Inc. (the “Company”) Compensation Recoupment Policy (the “Policy”).

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Incentive-Based Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

**COVERED PERSON**

---

Signature

---

Print Name

---

Date

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-16189

**NiSource Inc.**

(Exact name of registrant as specified in its charter)

DE

(State or other jurisdiction of  
incorporation or organization)

801 East 86th Avenue  
Merrillville, IN

(Address of principal executive offices)

35-2108964

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

46410

(Zip Code)

(614) 460-6000

(Registrant's telephone number, including area code)

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

**Title of Each Class**

**Trading  
Symbol(s)**  
NI

**Name of Each Exchange on Which  
Registered**  
NYSE

Common Stock, par value \$0.01 per share

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated Filer ☐ Emerging Growth Company ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrants included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock, par value \$0.01 per share (the "Common Stock") held by non-affiliates was approximately \$18,966,136,571 based upon the June 30, 2025, closing price of \$40.34 on the New York Stock Exchange.

There were 478,533,171 shares of Common Stock outstanding as of February 4, 2026.

**Documents Incorporated by Reference**

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 11, 2026.

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DEFINED TERMS

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

**NiSource Subsidiaries and Affiliates (not exhaustive)**

|                                |                                                                                                          |
|--------------------------------|----------------------------------------------------------------------------------------------------------|
| Columbia of Kentucky           | Columbia Gas of Kentucky, Inc.                                                                           |
| Columbia of Maryland           | Columbia Gas of Maryland, Inc.                                                                           |
| Columbia of Ohio               | Columbia Gas of Ohio, Inc.                                                                               |
| Columbia of Pennsylvania       | Columbia Gas of Pennsylvania, Inc.                                                                       |
| Columbia of Virginia           | Columbia Gas of Virginia, Inc.                                                                           |
| GenCo                          | NIPSCO Generation LLC                                                                                    |
| Generation Holdings I          | Generation Holdings I LLC                                                                                |
| Generation Holdings II         | Generation Holdings II LLC                                                                               |
| NIPSCO                         | Northern Indiana Public Service Company LLC                                                              |
| NIPSCO Holdings I              | NIPSCO Holdings I LLC                                                                                    |
| NIPSCO Holdings II             | NIPSCO Holdings II LLC                                                                                   |
| NiSource ("we," "us" or "our") | NiSource Inc.                                                                                            |
| Rosewater                      | Rosewater Wind Generation LLC and its wholly owned subsidiary, Rosewater Wind Farm LLC                   |
| Indiana Crossroads Solar       | Indiana Crossroads Solar Generation LLC and its wholly owned subsidiary, Meadow Lake Solar Park LLC      |
| Indiana Crossroads Wind        | Indiana Crossroads Wind Generation LLC and its wholly owned subsidiary, Indiana Crossroads Wind Farm LLC |
| Dunn's Bridge I                | Dunn's Bridge I Solar Generation LLC and its wholly owned subsidiary, Dunns Bridge Solar Center, LLC     |
| Gibson                         | Gibson Solar LLC                                                                                         |
| Fairbanks                      | Fairbanks Solar Energy Center LLC                                                                        |

**Abbreviations and Other**

|                           |                                                                                                                                                                                                                           |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AFUDC                     | Allowance for funds used during construction                                                                                                                                                                              |
| ADS                       | Amazon Data Services, Inc.                                                                                                                                                                                                |
| ADS Contract              | NIPSCO agreement to provide electricity to ADS' data centers                                                                                                                                                              |
| Amended LLC Agreement     | Third Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II                                                                                                                                      |
| AOCI                      | Accumulated Other Comprehensive Income (Loss)                                                                                                                                                                             |
| ASC                       | Accounting Standards Codification                                                                                                                                                                                         |
| ASU                       | Accounting Standards Update                                                                                                                                                                                               |
| ATM                       | At-the-market                                                                                                                                                                                                             |
| BIP                       | BIP Blue Buyer L.L.C                                                                                                                                                                                                      |
| BIP Blue Buyer VCOC L.L.C | BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company and also an affiliate of Blackstone                                                                                                                      |
| BIP Orion Holdco L.P.     | BIP Orion Holdco L.P., a Delaware limited liability company and also an affiliate of Blackstone                                                                                                                           |
| BIP Orion Holdco II L.P.  | BIP Orion Holdco II L.P., a Delaware limited liability company and also an affiliate of Blackstone                                                                                                                        |
| Blackstone                | Blackstone Infrastructure Partners L.P.                                                                                                                                                                                   |
| Blackstone Investor       | BIP Orion Holdco L.P. and BIP Orion Holdco II L.P. affiliates of Blackstone (GenCo Minority Interest Transaction) and Blackstone Infrastructure Partners, affiliates of Blackstone (NIPSCO Minority Interest Transaction) |
| BTA                       | Build-transfer agreement                                                                                                                                                                                                  |
| Cavalry                   | Cavalry Solar Generation Center                                                                                                                                                                                           |

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|                                      | <u>DEFINED TERMS</u>                                                                                                                                                                                                                                                                       |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CCGT                                 | Combined Cycle Gas Turbine                                                                                                                                                                                                                                                                 |
| CCRs                                 | Coal Combustion Residuals                                                                                                                                                                                                                                                                  |
| CEO                                  | Chief Executive Officer                                                                                                                                                                                                                                                                    |
| CEP                                  | Ohio Capital Expenditure Program                                                                                                                                                                                                                                                           |
| CERCLA                               | Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)                                                                                                                                                                                              |
| CFO                                  | Chief Financial Officer                                                                                                                                                                                                                                                                    |
| CISA                                 | Certified Information Systems Auditor                                                                                                                                                                                                                                                      |
| CISO                                 | Chief Information Security Officer                                                                                                                                                                                                                                                         |
| CISSP                                | Certified Information Systems Security Professional                                                                                                                                                                                                                                        |
| CODM                                 | Chief Operating Decision Maker                                                                                                                                                                                                                                                             |
| Columbia Operations                  | Reportable segment comprised of the results of NiSource Gas Distribution company, including all of its Columbia Gas distribution companies and related subsidiaries                                                                                                                        |
| Contract Assets                      | Generation assets and related transmission infrastructure to be developed in connection with the ADS Contract                                                                                                                                                                              |
| Corporate Units                      | Series A Corporate Units                                                                                                                                                                                                                                                                   |
| CPCN                                 | Certificate of Public Convenience and Necessity                                                                                                                                                                                                                                            |
| CRISC                                | Certified in Risk and Information Systems Control                                                                                                                                                                                                                                          |
| C&HC Committee                       | Compensation and Human Capital Committee                                                                                                                                                                                                                                                   |
| DSIC                                 | Distribution System Improvement Charge                                                                                                                                                                                                                                                     |
| DSM                                  | Demand Side Management                                                                                                                                                                                                                                                                     |
| Dunn's Bridge II                     | Dunn's Bridge II Solar Generation                                                                                                                                                                                                                                                          |
| EPA                                  | United States Environmental Protection Agency                                                                                                                                                                                                                                              |
| EPC                                  | Engineering, procurement, and construction                                                                                                                                                                                                                                                 |
| EPC Contracts                        | Engineering, procurement, and construction contracts                                                                                                                                                                                                                                       |
| EPS                                  | Earnings per share                                                                                                                                                                                                                                                                         |
| Equity Units                         | Series A Equity Units                                                                                                                                                                                                                                                                      |
| ERP                                  | Enterprise Resource Planning                                                                                                                                                                                                                                                               |
| 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                                                                                                                                                                                                                                                                        |
| GCT                                  | Generation Cost Tracker                                                                                                                                                                                                                                                                    |
| GenCo Minority Interest Transaction  | A transaction between NiSource, Generation Holdings II (sole owner of GenCo) and Blackstone Investor pursuant to a purchase and sale agreement entered into in October 2025, that offered equity interests in Generation Holdings II in exchange for capital contributions by the parties. |
| Generation Holdings II LLC Agreement | Amended and Restated Limited Liability Company Agreement of Generation Holdings II                                                                                                                                                                                                         |
| Generation Assets                    | Power generations facilities and battery storage to be developed in connection with the ADS Contract                                                                                                                                                                                       |
| GHG                                  | Greenhouse gases                                                                                                                                                                                                                                                                           |
| GWh                                  | Gigawatt hours                                                                                                                                                                                                                                                                             |
| HLBV                                 | Hypothetical Liquidation at Book Value                                                                                                                                                                                                                                                     |
| IRA                                  | Inflation Reduction Act                                                                                                                                                                                                                                                                    |



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|                                      | <u>DEFINED TERMS</u>                                                                                                                                                                                                                                                                        |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IRP                                  | Infrastructure Replacement Program                                                                                                                                                                                                                                                          |
| IRS                                  | Internal Revenue Service                                                                                                                                                                                                                                                                    |
| IURC                                 | Indiana Utility Regulatory Commission                                                                                                                                                                                                                                                       |
| JV                                   | Joint Venture                                                                                                                                                                                                                                                                               |
| LDCs                                 | Local distribution companies                                                                                                                                                                                                                                                                |
| LIFO                                 | Last-in, first-out                                                                                                                                                                                                                                                                          |
| LIHEAP                               | Low Income Heating Energy Assistance Programs                                                                                                                                                                                                                                               |
| Massachusetts Business               | All of the assets sold to, and liabilities assumed by, Eversource Energy pursuant to the applicable asset purchase agreement                                                                                                                                                                |
| MGP                                  | Manufactured Gas Plant                                                                                                                                                                                                                                                                      |
| MISO                                 | Midcontinent Independent System Operator                                                                                                                                                                                                                                                    |
| MMDth                                | Million dekatherms                                                                                                                                                                                                                                                                          |
| MW                                   | Megawatts                                                                                                                                                                                                                                                                                   |
| MWh                                  | Megawatt hours                                                                                                                                                                                                                                                                              |
| NERC CIP                             | North American Electric Reliability Corporation Critical Infrastructure Protection                                                                                                                                                                                                          |
| NIPSCO Electric                      | The electric generation and transmission activities of the NIPSCO Operations reportable segment                                                                                                                                                                                             |
| NIPSCO Gas                           | The gas distribution activities of the NIPSCO Operations reportable segment                                                                                                                                                                                                                 |
| NIPSCO Holdings II LLC Agreement     | Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II                                                                                                                                                                                                              |
| NIPSCO Minority Interest Transaction | A transaction between NiSource, NIPSCO Holdings II (sole owner of NIPSCO) and an affiliate of Blackstone pursuant to a purchase and sale agreement entered into on June 17, 2023, that offered equity interests in NIPSCO Holdings II in exchange for capital contributions by the parties. |
| NIPSCO Operations                    | Reportable segment comprised of the results of NIPSCO Holdings I, NIPSCO Holdings II, and NIPSCO and all related subsidiaries                                                                                                                                                               |
| NYMEX                                | The New York Mercantile Exchange                                                                                                                                                                                                                                                            |
| OPEB                                 | Other Postemployment Benefits                                                                                                                                                                                                                                                               |
| PCB                                  | Polychlorinated biphenyls                                                                                                                                                                                                                                                                   |
| PHMSA                                | Pipeline and Hazardous Materials Safety Administration                                                                                                                                                                                                                                      |
| PPA                                  | Power Purchase Agreement                                                                                                                                                                                                                                                                    |
| PUCO                                 | Public Utilities Commission of Ohio                                                                                                                                                                                                                                                         |
| ROE                                  | Return on Equity                                                                                                                                                                                                                                                                            |
| RNG                                  | Renewable Natural Gas                                                                                                                                                                                                                                                                       |
| ROU                                  | Right of Use                                                                                                                                                                                                                                                                                |
| SAVE                                 | Steps to Advance Virginia's Energy Plan                                                                                                                                                                                                                                                     |
| Scope 1 GHG Emissions                | Direct emissions from sources owned or controlled by us (e.g., emissions from our combustion of fuel, vehicles, and process emissions and fugitive emissions)                                                                                                                               |
| Scope 2 GHG Emissions                | Indirect emissions from sources owned or controlled by us                                                                                                                                                                                                                                   |
| SEC                                  | Securities and Exchange Commission                                                                                                                                                                                                                                                          |
| SMRP                                 | Safety Modification and Replacement Program                                                                                                                                                                                                                                                 |
| SMS                                  | Safety Management System                                                                                                                                                                                                                                                                    |
| STRIDE                               | Strategic Infrastructure Development and 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)                                                                                                      |

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|           |                                                                  |
|-----------|------------------------------------------------------------------|
| TDSIC     | Transmission, Distribution and Storage System Improvement Charge |
| TSA       | Transportation Security Administration                           |
| Templeton | Templeton Wind Energy Center                                     |
| VIE       | Variable Interest Entity                                         |
| WAM       | Work and Asset Management enterprise resourcing system           |

**DEFINED TERMS**

***Note regarding forward-looking statements***

This Annual Report on Form 10-K contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, planned 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 not statements of historical fact. Expressions of future goals and expectations and similar expressions reflecting something other than historical fact, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," 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. Investors and prospective investors should understand that many factors impact whether any forward-looking statement contained herein will, or can be, realized. Any one of those factors could cause actual results to differ materially from those projected.

Factors that could cause actual results to differ materially from those projected in any forward-looking statement discussed in this Annual Report on Form 10-K include, among other things:

- our ability to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities;
- our ability to manage data center growth in our service territories;
- potential incidents and other operating risks associated with our business;
- our ability to work successfully with our JV partners;
- our ability to construct, develop and place into service the Contract Assets and any other generation or transmission assets we develop to support future data center contracts on time or at all and consistent with initial cost estimates, as well as the performance of such assets once constructed and placed into service;
- our ability to obtain the significant additional financing required to construct the Contract Assets and any other generation or transmission assets we develop to support future data center contracts on favorable terms, if at all;
- our ability to recover our investments and realize our expected return under the ADS Contract and any future data center contracts that we enter into;
- our ability to maintain our investment grade credit ratings as we finance and pursue our data center strategy, including our performance under the ADS Contract and any future data center contracts that we enter into;
- ADS' performance under the ADS Contract and the performance of our customers under any future data center contracts;
- any decision by ADS to terminate or reduce the committed capacity under the ADS Contract or any decision by any customer under any future data center contract to terminate or reduce the committed capacity under the contract;
- potential changes in the MISO accreditation treatment of capacity resources;
- our ability to adapt to, and manage costs related to, advances in technology, including alternative energy sources and changes in related laws and regulations;
- our increased dependency on 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 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 demand;
- our ability to attract, retain or re-skill a qualified, workforce and maintain good labor relations;
- our ability to manage new initiatives and organizational changes;

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- the performance and quality of third-party suppliers and service providers;
- our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net Zero Goal (as defined below), including any future associated impact from business opportunities such as data center development as those opportunities evolve;
- regulation and the impact of regulatory rate reviews;
- our ability to obtain expected financial or regulatory outcomes;
- potential cybersecurity attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- any damage to our reputation;
- the impacts of natural disasters, potential terrorist attacks or other catastrophic events;
- the physical impacts of climate change and the transition to a lower carbon future;
- our debt obligations;
- any changes to our credit ratings or the credit ratings of certain of our subsidiaries;
- adverse economic and capital market conditions, including increases in inflation or interest rates, recession, or changes in investor sentiment;
- the actions of activist stockholders;
- economic conditions in certain industries;
- the ability 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;
- the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation;
- compliance with changes in, or new interpretations of applicable laws, regulations and tariffs;
- the cost of compliance with environmental laws and regulations and the costs of associated liabilities;
- changes in tax laws or the interpretation thereof; and
- other matters set forth in Part I, Item 1, "Business," Part I, Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, some 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 statement to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to expected results over time or otherwise, except as required by law.

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**NiSOURCE INC.**

**PART I**

**ITEM 1. BUSINESS**

**Business**

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose primary subsidiaries are fully regulated natural gas and electric utility companies, serving approximately 3.8 million customers in six states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999.

NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia), and NIPSCO Holdings I (a holding company that owns a controlling interest in NIPSCO, a gas and electric utility). NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses. In addition, NiSource will develop the generation resources it plans to use in serving data center customers through its subsidiary Generation Holdings I (a holding company that holds a controlling interest in GenCo).

**Business Strategy**

Our business strategy focuses on providing safe and reliable service through our core, rate-regulated, asset-based utilities, with the goal of adding value to all of our stakeholders. Our utilities continue to advance our core safety, infrastructure and environmental investment programs, supported by complementary regulatory and customer initiatives across the six states in which we operate. In 2025, we entered into the ADS Contract, a customized agreement under which NIPSCO will provide electric service to ADS by procuring power from GenCo, which will develop related generation assets, and we expect our data center operations to continue to grow.

Our goal is to develop strategies that (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns.

We remain committed to the advancement of our SMS for the safety of our customers, communities and employees. Our SMS is the established operating model within NiSource. NiSource continues to maintain its certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our SMS. In 2025, NiSource successfully maintained its ISO 55001 Asset Management certifications through LRQA, a global leader in engineering and technology services. These certifications reaffirm our unwavering commitment to safety for our employees and partners, customers, and systems and highlight our continued dedication to operational excellence and the integrity of our SMS.

NiSource has two reportable segments: Columbia Operations and NIPSCO Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, consist of our centralized corporate activities and are primarily comprised of interest expense on holding company debt and unallocated corporate costs and activities, as well as new business development costs associated with GenCo. The following is a summary of the business for each reporting segment. Refer to Part II. Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for additional information related to each segment.

**Columbia Operations**

Columbia Operations provides natural gas to approximately 2.4 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. We operate approximately 37,300 miles of distribution main pipeline plus the associated individual customer service lines and 310 miles of transmission main pipeline located in our service areas described above. Throughout our service areas we also have gate stations and other operations support facilities. See below for information on our owned storage facilities. There were no significant disruptions to our system or facilities during 2025.

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| Facility Name          | Location         | Type            | Storage Capacity (MCF) |
|------------------------|------------------|-----------------|------------------------|
| Eagle Cove Propane     | Petersburg, VA   | Propane Gas     | 863                    |
| South Wales Propane    | Jeffersonton, VA | Propane Gas     | 863                    |
| Portsmouth Propane-Air | Portsmouth, VA   | Propane-Air Gas | 17,300                 |
| Total Capacity         |                  |                 | 19,026                 |

**Competition.** Due to open access and the deregulation of natural gas supplies, our LDC customers can purchase gas directly from producers and marketers in an open, competitive market. Certain of our subsidiaries are involved in programs that provide our residential and commercial customers the opportunity to purchase their natural gas requirements from third parties and use our subsidiaries for transportation services. As of December 31, 2025, 34.9% of our residential customers and 41.1% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our service areas, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the energy markets in which we operate due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Columbia Operations," for additional information.

**NIPSCO Operations**

NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana.

**NIPSCO Gas**

NIPSCO Gas distributes natural gas to approximately 0.9 million customers in northern Indiana. We operate approximately 18,100 miles of distribution main pipeline plus the associated individual customer service lines and 720 miles of transmission main pipeline located in our northern Indiana service areas. Throughout northern Indiana, we also have gate stations and other operations support facilities. See below for information on our owned storage facilities. There were no significant disruptions to our system or facilities during 2025.

| Facility Name                    | Location            | Type                  | Storage Capacity (MCF) |
|----------------------------------|---------------------|-----------------------|------------------------|
| Royal Center Underground Storage | Royal Center, IN    | Natural Gas           | 7,240,000              |
| Rolling Prairie LNG              | Rolling Prairie, IN | Liquified Natural Gas | 4,000,000              |
| Total Capacities                 |                     |                       | 11,240,000             |

**Competition.** Similar to the Columbia Operations segment, NIPSCO Gas operates in an open and competitive market which allows retail customers to purchase gas directly from producers and marketers. As of December 31, 2025, 6.8% of our residential customers and 18.5% of our commercial customers participated in such programs.

We compete with (i) investor-owned, municipal, and cooperative electric utilities throughout our northern Indiana service area, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. We continue to be a well-positioned competitor in the northern Indiana market due to customer preference for natural gas.

Additionally, we are subject to seasonal fluctuations in sales. Revenues from our gas distribution operations are more significant during the heating season, which is from October through May. Please refer to Part II, Item 7, "Management's

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Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

**NIPSCO Electric**

We generate, transmit and distribute electricity to approximately 0.5 million customers in 20 counties in the northern part of Indiana. We also engage in wholesale electric and transmission transactions, and enter into customized agreements to provide electric service to data center customers. Our transmission system, has voltages from 69,000 to 765,000 volts, and consists of approximately 3,000 circuit miles. We are interconnected with eight neighboring electric utilities. We operate 65 transmission and 240 distribution substations, and own approximately 312,500 poles. We own and operate generation assets as well as source power through PPAs. We currently have eight renewable generation facilities in service, three of which were placed into service in 2025. As of December 31, 2025, we also have multiple PPAs that provide approximately 1,200 MW of capacity, with contracts expiring between 2038 and 2045. We also operate two hydroelectric generation facilities, a CCGT, and two coal generation facilities.

In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions and authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). For additional information, see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Results and Discussion of Operations - NIPSCO Operations," and Part I, Item 1A. "Risk Factors." The Michigan City coal facility is scheduled to be retired by the end of 2028.

We had forced outages during 2025, none of which had material impacts to our operations. See below for information on our owned generating facilities:

| Facility Name                            | Location             | Fuel Type         | Generating Capacity (MW) <sup>(1)</sup> |
|------------------------------------------|----------------------|-------------------|-----------------------------------------|
| R.M. Schahfer                            | Wheatfield, IN       | Steam - Coal      | 722                                     |
| Michigan City                            | Michigan City, IN    | Steam - Coal      | 455                                     |
| Sugar Creek                              | West Terre Haute, IN | CCGT              | 665                                     |
| R.M. Schahfer                            | Wheatfield, IN       | Natural Gas       | 155                                     |
| Oakdale                                  | Carroll County, IN   | Hydro             | 9                                       |
| Norway                                   | White County, IN     | Hydro             | 7                                       |
| Rosewater <sup>(2)</sup>                 | White County, IN     | Wind              | 102                                     |
| Indiana Crossroads Wind <sup>(2)</sup>   | White County, IN     | Wind              | 302                                     |
| Dunns Bridge I <sup>(2)</sup>            | Jasper County, IN    | Solar             | 265                                     |
| Indiana Crossroads Solar <sup>(2)</sup>  | White County, IN     | Solar             | 200                                     |
| Cavalry Solar and Storage <sup>(3)</sup> | White County, IN     | Solar and Storage | 200                                     |
| Dunns Bridge II <sup>(3)</sup>           | Jasper County, IN    | Solar and Storage | 435                                     |
| Fairbanks Solar                          | Sullivan County, IN  | Solar             | 250                                     |
| Gibson Solar                             | Gibson County, IN    | Solar             | 200                                     |
| <b>Total MW Capacity</b>                 |                      |                   | <b>3,967</b>                            |

<sup>(1)</sup>Represents current net generating capability of each fossil fuel and hydro generating facility. Nameplate capacity is listed for wind and solar generating facilities.

<sup>(2)</sup>NIPSCO is the managing partner of these JVs. Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

<sup>(3)</sup>Cavalry Solar and Storage has installed battery storage capacity of 45MW over a four-hour duration. Dunns Bridge II has installed battery storage capacity of 56MW over a four-hour duration.

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NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC in December 2024. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporated factors such as anticipated load growth from data centers and other economic development opportunities, new EPA emissions rules, and evolving MISO resource accreditation rules. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements, along with new gas-fired resources and other capacity resources to support new data center load. In this regard, we executed the ADS Contract in September 2025. As we continue to evaluate additional agreements with data center customers, future integrated resource plans will take this into consideration. Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these plans.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, Financial Transmission Rights and ancillary markets. NIPSCO has transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff. NIPSCO generating units are dispatched by MISO which takes into account economics, reliability of the MISO system and unit availability. During the year ended December 31, 2025, NIPSCO generating units, inclusive of its owned renewable generation facilities, were dispatched to meet 55.4% of its overall system load, and the remainder of the overall system load was procured through PPAs and the MISO market.

**Competition.** Our NIPSCO Electric utility generally has exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources. With respect to data center customers, we face competition from utilities and other energy sources across the United States and abroad. Data center customers consider numerous factors in selecting sites for their operations, including, but not limited to, local weather conditions and patterns, cost of land, local political environment, anticipated ease of zoning and permitting, applicable taxes, and the ability of utilities or power providers to deliver electricity quickly and at scale.

Our NIPSCO Operations are subject to seasonal fluctuations in sales. Revenues from electric operations are more significant during the cooling season, which is primarily from June through September. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - NIPSCO Operations," for additional information.

**Regulatory**

The regulatory landscape, at both the state and federal levels, continues to evolve, impacting the operations and financial results of our operating companies. Management continually seeks new ways to be more competitive and efficient in this environment, while keeping service and affordability for customers at the forefront. We believe we are, in all material respects, in compliance with applicable laws and regulations at both the state and federal level and do not expect future compliance requirements to have a material impact on our capital expenditures, earnings, or competitive position. While we continue to monitor existing and pending laws and regulations, the impact of regulatory changes cannot be predicted with certainty.



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**Rate Case Actions.** The following table describes current rate case actions as applicable in each of our jurisdictions. See "Cost Recovery and Trackers" below for further detail on trackers.

(in millions)

| Company                             | Approved ROE | Requested Incremental Revenue | Approved Incremental Revenue | Filing Date        | Rates Effective |
|-------------------------------------|--------------|-------------------------------|------------------------------|--------------------|-----------------|
| <b>Approved Rates Cases</b>         |              |                               |                              |                    |                 |
| Columbia of Pennsylvania            | 10.00 % \$   | 110.4 \$                      | 55.6                         | March 20, 2025     | January 2026    |
| Columbia of Maryland                | 9.80 % \$    | 10.7 \$                       | 7.8                          | September 24, 2024 | April 2025      |
| Columbia of Kentucky                | 9.75 % \$    | 23.8 \$                       | 14.3                         | May 16, 2024       | January 2025    |
| Columbia of Virginia <sup>(1)</sup> | 9.75 % \$    | 37.2 \$                       | 28.2                         | April 29, 2024     | October 2024    |
| Columbia of Ohio                    | 9.60 % \$    | 221.4 \$                      | 68.3                         | June 30, 2021      | March 2023      |
| NIPSCO - Gas <sup>(2)</sup>         | 9.75 % \$    | 161.9 \$                      | 120.9                        | October 25, 2023   | August 2024     |
| NIPSCO - Electric <sup>(3)</sup>    | 9.75 % \$    | 368.7 \$                      | 257.0                        | September 12, 2024 | July 2025       |

<sup>(1)</sup>The approved rate case resulted in a black box settlement, representing a settlement to a specific revenue increase but not a specified ROE. The settlement provides use of a 9.75% ROE for future SAVE filings.

<sup>(2)</sup>New rates were implemented in 2 steps, with implementation of Step 1 rates effective in August 2024 and Step 2 rates effective in February 2025.

<sup>(3)</sup>New rates were implemented in multiple steps, with implementation of Step 1 rates in July 2025 and Step 2 rates effective by March 2026.

**FERC.** Our service company and operating companies are subject to varying degrees of regulation by the FERC. NiSource Corporate Services files a FERC Form 60 annual report with its financial information as a FERC jurisdictional centralized service company. NiSource also files an annual FERC Form 61 which contains a narrative description of the service company's functions during the prior calendar year.

As natural gas LDCs, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and NIPSCO Gas have limited jurisdictional certificates to transport gas in their respective service territories and into interstate commerce.

As an electric company, NIPSCO Electric has Market Based Rate authority and is a Transmission Owner subject to FERC jurisdiction. NIPSCO files the following reports annually:

- FERC Form 1, which is a comprehensive financial and operating report,
- FERC Form 566, which is a list of its 20 largest purchases of electricity over the past three years,
- FERC Form 715, which is its Annual Transmission Planning and Evaluation Report and the base case power flow data from the Eastern Interconnection Reliability Assessment Group Multiregional Modeling Working Group, which is used by NIPSCO for transmission planning and,
- FERC Form 730, which is NIPSCO's Report of Transmission Investment Activity.

As a Transmission Owner subject to the MISO Transmission Owners Agreement and Tariff, NIPSCO has various FERC jurisdictional obligations such as maintaining its Attachment O formula rates and corresponding protocols. NIPSCO also has FERC approvals to make affiliate transactions between itself and various JVs. NIPSCO's officers, on the electric side, are also subject to FERC's interlocking directorate rules and reporting requirements.

**Regulatory Framework.** The gas distribution activities of our Columbia and NIPSCO Operations have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include (i) gas supply cost incentive mechanisms for service to their core markets, and (ii) the sale of on-system services in the companies' service territories. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the gas distribution operations utility's system. The incentive mechanisms give the gas distribution operations utilities an opportunity to share in the savings created from such situations as gas purchases made below an agreed upon benchmark price and the remarketing of unused pipeline capacity to reduce overall pipeline costs.



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We recognize that energy efficiency reduces emissions, conserves natural resources and saves our customers money. Our gas distribution companies offer programs such as energy efficiency upgrades, home checkups and weatherization services. The increased efficiency of natural gas appliances and improvements in home building codes and standards contribute to a long-term trend of declining average use per customer. While we are looking to expand offerings so the energy efficiency programs can benefit as many customers as possible, our gas distribution operations utilities have pursued changes in rate design to more effectively match recoveries with costs incurred. Columbia of Ohio has adopted a straight fixed variable rate design for residential and small commercial customers 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. 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 5%. Columbia of Kentucky incorporates a weather normalization adjustment for certain customer classes and also has a fixed customer charge. NIPSCO Gas has also received approval and implemented a weather normalization adjustment for certain of its customer classes. NIPSCO Gas and Electric include a fixed customer charge for residential and small commercial and industrial customer classes.

While increased efficiency of electric appliances and improvements in home building codes and standards have similarly impacted the average use per electric customer in recent years, NIPSCO expects future growth in per customer usage as a result of increasing electric applications, such as electric vehicles. These ongoing changes in use of electricity will likely lead to development of innovative rate designs, and NIPSCO will continue efforts to design rates that increase the certainty of recovery of fixed costs.

***Cost Recovery and Trackers.*** Comparability of our operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs. 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 NIPSCO Operations' and Columbia Operations' gas distribution revenue is related to the recovery of gas costs through GCA's, the review 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 confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the NIPSCO 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.

**Political Action**

The NiSource Political Action Committee ("NiPAC") provides our employees a voice in the political process. NiPAC is a voluntary, employee driven, and employee funded political action committee and makes bipartisan political contributions to local, state and federal candidates, where permitted and in accordance with established guidelines. Consistent with our commitments and our approach to engagement, the NiPAC leadership committee members evaluate candidates for support on issues important to our business.

**Environmental and Safety Matters**

**PHMSA Legislation and Regulations**

To fulfill our vision of being a trusted energy provider, we follow safety practices required by regulations as we implement our SMS. Our SMS serves as the framework to identify and reduce risks and ensure consistent safety processes, procedures and operations across the organization.

As directed by law in the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020, PHMSA has proposed and revised various pipeline safety regulations focused on public safety, environmental hazard mitigation, leak detection, methane emissions reduction, and enhanced safeguards for low-pressure distribution systems. Proposed revisions included requirements to detect and repair more leaks, increase survey frequency, and incorporate additional protections to prevent over-pressurization. A final leak detection and repair rule was withdrawn from publication in the Federal Register in January 2025 and the Safety of Gas Distribution Pipelines rulemaking did not progress in 2025.

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We continue to evaluate and monitor PHMSA-related legislation and regulations but cannot predict the impact of changing pipeline safety laws and regulations on our business at this time.

**Environmental and Climate Change Issues**

In March 2025, the EPA announced it will undertake 31 deregulatory actions to advance the administration's policy priorities as directed by various executive orders. These actions will address multiple existing water, waste, air and climate regulations including, but not limited to, GHG and CCR rules. In July 2025, the EPA proposed rescinding the 2009 Endangerment Finding, the scientific and legal foundation for federal GHG regulations under the Clean Air Act. Additionally, in November 2025, the EPA proposed a rule to extend the compliance deadline for owners and operators to complete closure of their unlined CCR surface impoundments larger than 40 acres from October 2028 to October 2031. On February 6, 2026, the EPA issued a final rule extending compliance deadlines for several provisions of the Legacy CCR Rule. NiSource will continue to monitor these matters and assess the impacts to our business as regulations are proposed and finalized, or as otherwise required by law.

***Physical Climate Risks.*** Increased frequency of severe and extreme weather events associated with climate change could materially impact our facilities, energy sales, and results of operations. We are unable to predict these events. However, we perform assessments of physical risk, including physical climate risk, to our business. More extreme and volatile temperatures, increased storm intensity and flooding, and more volatile precipitation leading to changes in lake and river levels are among the weather events that are most likely to impact our business. Efforts to mitigate these physical risks continue to be implemented.

***Transition Climate Risks and Opportunities.*** We actively engage with and monitor the impact that proposed legislative and regulatory programs related to GHG emissions, at both the federal and state levels, would have on our business. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

In June 2025, the EPA proposed to repeal GHG emissions standards for fossil fuel-fired power plants that were finalized by the previous federal administration in May 2024. The proposed repeal would eliminate key requirements from the 2024 Carbon Pollution Standards, including capacity factor thresholds and carbon capture and storage (CCS) mandates. If finalized, this action would remove regulatory constraints that could significantly impact NIPSCO's planned gas generation, allowing customers to avoid approximately \$675 million in additional costs as contemplated through the 2024 NIPSCO IRP.

We also continue to monitor evolving state policies related to GHG emissions from our gas distribution companies. The Climate Solutions Now Act of 2022 ("Act") requires Maryland to reduce GHG emissions by 60% by 2031 (from 2006 levels), and it requires the state to reach net zero emissions by 2045. The Maryland Department of the Environment ("MDE") adopted a plan to achieve its 2031 goal and is required to adopt a plan for its 2045 net zero goal by 2030. The Act also enacts a state policy to move to broader electrification of both existing buildings and new construction. In December 2024, the MDE issued final Building Energy Performance Standards, which require net zero direct GHG emissions from large buildings by 2040 with interim targets, or payments of an alternative compliance fee. Under an executive order, Maryland is also developing a Clean Heat Standard and a Zero-Emission Heating Equipment Standard, among other programs, that are intended to transition gas furnaces to electric heat pumps. In December 2025, the Maryland Public Service Commission ("MD PSC") issued proposed regulations with the stated purpose of eliminating "subsidies" for the extension of gas mains and service lines to new residential and commercial customers. According to the MD PSC, these regulations, if finalized, would require persons who request new service to pay the full cost of extending service in order to minimize the risk of future stranded costs for all ratepayers. These proposed regulations were issued in accordance with a June 2025 MD PSC order directing its Staff to prepare such proposed regulations by December 2025. In August 2025, the MD PSC instituted formal proceedings to investigate issues pertaining to long-term natural gas company planning practices. One purpose of these proceedings is to ensure that planning is consistent with Maryland's climate goals. Columbia of Maryland cannot predict the final impact of these policies and proceedings on our business at this time.

***Net Zero Goal.*** In November 2022, we announced a goal of net zero GHG emissions by 2040 covering both Scope 1 and Scope 2 GHG emissions ("Net Zero Goal"). Our Net Zero Goal builds on GHG emission reductions achieved to-date. We plan to achieve our Net Zero Goal primarily through the continuation and enhancement of existing programs, such as retiring and replacing coal-fired electric generation with low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak-detection technologies. In addition, we plan to advance other low- or zero-emission energy resources and technologies, which may include hydrogen, renewable natural gas, long-duration storage, and/or deployment of carbon capture and utilization technologies, if and when these become technologically and economically feasible. Carbon offsets and renewable energy credits may also be used to support achievement of our Net Zero Goal. As of the end of 2024, we had reduced Scope 1 GHG emissions by approximately 72% from 2005 levels.

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Our GHG emissions projections, including achieving a Net Zero Goal, are subject to various assumptions that involve risks and uncertainties, and did not include any assumptions related to data center development and associated load growth. We remain committed to our Net Zero Goal; however, certain of our interim goals may evolve as we assess and respond to business opportunities such as data centers. Achievement of our Net Zero Goal by 2040 will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, as well as execution of our business plan. Otherwise, our actual results or ability to achieve our Net Zero Goal, including by 2040, may differ materially.

As discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Results and Discussion of Operations - NIPSCO Operations," NIPSCO continues to execute its electric generation transition consistent with the preferred pathways identified in its 2018, 2021 and 2024 Integrated Resource Plans. Additionally, as discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - "Executive Summary - Energy Transition" and "Liquidity and Capital Resources - Regulatory Capital Programs," our natural gas distribution companies are lowering methane emissions by replacing aging infrastructure, which also increases safety and reliability for customers and communities.

**Human Capital**

***Human Capital Management Governance and Organizational Practices.*** The Compensation and Human Capital Committee ("C&HC Committee") of our Board of Directors (the "Board") is primarily responsible for assisting the Board in overseeing our human capital management practices. The C&HC Committee reviews our human capital management function and programs. The review of related procedures, programs, policies and practices allows the committee to make recommendations to management with respect to equal employment opportunity, employee engagement, organizational health, and talent management.

***Human Capital Goals and Objectives.*** We have aligned our human capital goals to achieve overall company strategic and operational objectives by driving an enhanced talent strategy, elevating support for front-line leaders, fostering a culture of rigor and accountability, and strengthening our human resource function. We aspire to be an employer of choice, in part, through embedding inclusion throughout the enterprise and creating an enviable employee experience.

***Workforce Composition.*** As of December 31, 2025, we had 7,668 full-time and 70 part-time active employees (i.e., not interns, not on leave or disability). Of our total workforce, 32% were subject to collective bargaining agreements with various labor unions. These collective bargaining agreements were renegotiated in 2021 and 2023 and expire between March 2026 and June 2027.

We seek to foster an enviable work environment where all employees are energized. In efforts to become an employer of choice, we have developed sourcing strategies to attract and retain the most qualified talent. We are committed to providing equal employment opportunities in each of our companies to all employees and applicants without regard to race, color, religion, national origin or ancestry, veteran status, disability, gender, age, marital status, sexual orientation, gender identity, genetic information, or any protected group status as defined by law. The input provided by our increasingly diverse and inclusive workforce will continue to strengthen our corporate culture as well as drive constructive changes within our company to improve our operational strategies, enhance the quality of the services we provide, and increase revenue. We also offer employee resource groups (ERGs), which are offered to all employees and provide individuals with a shared interest the opportunity to connect.

***Talent Attraction.*** To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate relationships with community and outreach partners. We also target job fairs, while also partnering with local colleges and universities to identify and recruit qualified applicants.

***Talent Development and Retention.*** We offer leadership development programs to enhance the behaviors and skills of our existing and future leaders. In 2025, we had participation from employees of all levels. We also offer extensive technical and non-technical employee development training programs.

We strive to provide promotion and advancement opportunities for employees. We also develop and implement targeted development action plans to increase succession candidate readiness for leadership roles. Additionally, we monitor the risk and potential impact of talent loss and take action to increase retention of top talent.

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**Succession Planning.** We perform succession planning annually for officer level positions to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Talent is identified, and potential paths of development are discussed, to ensure that employees have an opportunity to build their skills to be well-prepared for future roles. We maintain formal succession plans for our CEO and key officers. The succession plan for our CEO is reviewed by the Nominating and Governance Committee and the succession plans for key officers (other than the CEO) and critical roles are reviewed by the C&HC Committee annually or more frequently as needed.

**Employee and Workplace Health and Safety.** We have several programs to support employees and their families' well-being. These programs include competitive medical, dental, vision, life and long-term disability programs, including employee health savings account company contributions, family building benefits, telemedicine services, Employee Assistance Program, Integrated Health Management navigation services, and paid time off including wellness, sick/disability, parental leave, and "illness in family" days.

We also have a robust program to support employees, contractors and public safety, which is led by our Chief Safety Officer and is under the oversight of the Safety, Operations, Regulatory and Policy Committee of our Board.

**Culture and Engagement.** Our culture is another important aspect of our ability to advance our strategic and operational objectives. In addition to the recruiting, development and retention programs described above, we also invest in internal communications programs, including in-person and virtual learning and networking opportunities, as well as regular town hall communications to employees. We measure and monitor organizational health and employee engagement through various channels including employee lifecycle, pulse, and census surveys.

To instill and reinforce our values and culture, we require our employees to participate in regular training on ethics and compliance topics each year, including raising concerns, treating others with respect, preventing discrimination in the workplace, anti-bribery and corruption, data protection, unconscious biases, harassment, conflicts of interest, and how to use the anonymous ethics and compliance hotline. All employees receive training on our Code of Business Conduct annually or more frequently if there is a material change in content. Because of this training and other programs, we have learned from our most recent employee survey that our employees know what ethical violations look like and how to report them. Our Code of Business Conduct is designed to ensure that our employees adhere to legal and regulatory requirements, mitigate risks, and promote ethical behavior. Our ethics program is led by leadership tone at the top, policies and procedures, regular training and communication, monitoring and auditing, and a system for reporting and addressing violations. Our business ethics program, including the employee training program, is reviewed annually by our executive leadership team and the Audit Committee of our Board of Directors.

Our C&HC Committee reviews reports from our Chief Human Resources Officer on employee engagement and corporate culture. Our Board reviews results and action plans related to our enterprise-wide comprehensive employee engagement survey. Our executive leadership team, including our CEO, communicates directly and regularly with all employees on timely ethics topics through electronic messages, coffee chats, and all-employee town hall meetings. These communications emphasize the importance of our values and culture in the workplace.

**Available Information**

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains an internet website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers from which investors can electronically access our SEC filings.

We make a number of reports and other information available free of charge on our website, [www.nisource.com](http://www.nisource.com), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

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**NiSOURCE INC.**

**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

The following is a list of our Executive Officers, including their names, ages, offices held and other recent business experience.

| <b><u>Name</u></b>     | <b><u>Age</u></b> | <b><u>Office(s) Held in Past 5 Years</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lloyd M. Yates         | 65                | President and Chief Executive Officer of NiSource since February 2022 and Director since March 2020                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Shawn Anderson         | 44                | Executive Vice President and Chief Financial Officer of NiSource since March 2023<br>Senior Vice President, Strategy and Chief Risk Officer from May 2022 to March 2023<br>Senior Vice President and Chief Strategy and Risk Officer from June 2020 to May 2022                                                                                                                                                                                                                                                                      |
| Melody Birmingham      | 54                | Executive Vice President and Group President, Utilities of NiSource since March 2025<br>Executive Vice President and President, NiSource Utilities of NiSource from March 2023 to February 2025<br>Executive Vice President and Chief Innovation Officer of NiSource from July 2022 to March 2023<br>Senior Vice President and Chief Administrator Officer of Duke Energy Corporation from May 2021 to June 2022<br>Senior Vice President, Supply Chain and Chief Procurement Officer of Duke Energy Indiana from 2018 to April 2021 |
| William Jefferson, Jr. | 64                | Executive Vice President, Chief Operating and Safety Officer of NiSource since May 2024<br>Executive Vice President, Operations and Chief Safety Officer of NiSource from July 2022 to May 2024<br>Station Director at STPNOC, Wadsworth, Texas, from 2020 to May 2022 and Vice President in 2022                                                                                                                                                                                                                                    |
| Michael S. Luhrs       | 53                | Executive Vice President, Technology, Customer and Chief Commercial Officer of NiSource since March 2025<br>Executive Vice President, Strategy and Risk and Chief Commercial Officer of NiSource from March 2023 to February 2025<br>Senior Vice President at Alliant Energy from 2022 to March 2023<br>Vice President at Duke Energy Corporation from 2013 to 2022                                                                                                                                                                  |
| Kimberly S. Cuccia     | 42                | Executive Vice President, General Counsel and Corporate Secretary of NiSource since March 2025<br>Senior Vice President, General Counsel and Corporate Secretary of NiSource from April 2022 to February 2025<br>Vice President, Interim General Counsel and Corporate Secretary of NiSource from December 2021 to April 2022<br>Vice President and Deputy General Counsel, Regulatory, of NiSource Corporate Services Company, from January 2021 to December 2021                                                                   |
| Melanie B. Berman      | 55                | Executive Vice President, Administration and Chief Human Resources Officer of NiSource since March 2025<br>Chief Human Resources Officer and Senior Vice President, Administration of NiSource from May 2024 to March 2025<br>Senior Vice President and Chief Human Resources Officer of NiSource from June 2021 to May 2024<br>Executive Vice President and Chief Human Resources Officer of The Michaels Companies, Inc. from 2020 to 2021                                                                                         |
| Gunnar J. Gode         | 52                | Senior Vice President, Chief Accounting & Tax Officer of NiSource since August 2025<br>Vice President, Chief Accounting Officer and Controller of NiSource from July 2020 to July 2025                                                                                                                                                                                                                                                                                                                                               |

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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**Risk Factors Summary**

The following is a summary of material risks that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**OPERATIONAL RISKS**

- We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities.
- Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.
- We currently conduct and may conduct in the future certain operations through a JV arrangement involving third-party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.
- Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our inability to manage such related costs could make us less competitive.
- Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.
- Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.
- We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.
- Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.
- Our capital projects and programs subject us to construction and supply risks, and are subject to governmental oversight and approvals.
- Fluctuations in weather, gas and electricity commodity costs, and economic conditions may impact customer demand.
- Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.
- Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.
- Failure to effectively manage new initiatives and organizational changes.
- Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.
- We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.
- The impacts of a cyber-attack or security breach on any of our or certain third-party technology systems, including operational disruptions and the loss or misuse of confidential and proprietary information and related liability.
- Failure to comply with cybersecurity laws and regulations and the resulting impact on our reputation and business.
- The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events including operational disruptions.
- We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.
- The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.
- We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goal.



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**NISOURCE INC.**  
**ITEM 1A. RISK FACTORS**

**FINANCIAL, ECONOMIC AND MARKET RISKS**

- We have substantial indebtedness which could adversely affect our financial condition.
- A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.
- Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.
- Most of our revenues are subject to regulation and are exposed to the impact of regulatory rate reviews and proceedings.
- The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.
- Our business operations are subject to economic conditions in certain industries.
- We are exposed to payment risk with respect to customers and risk that suppliers or counterparties will not perform their contractual obligations.
- We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.
- Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.
- Any future impairments of goodwill resulting in a significant charge to earnings in a future period and negatively impacting our compliance with certain contractual covenants.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

- The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.
- A failure to comply with changes in, or new or different interpretations of, the various federal, state and local laws, regulations, tariffs and policies applicable on our business.
- Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.
- Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.

**DATA CENTER OPERATIONS AND STRATEGY RISKS**

- Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.
- Our construction of the Contract Assets and any generation or transmission assets we develop to support future data center contracts involves significant risks. Construction delays, cost overruns or performance issues with the Contract Assets could reduce our returns under the ADS Contract or other future data center contracts and could require us to obtain additional financing.
- The terms and availability of the significant additional financing required to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts.
- Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.
- The return structure and risk profile of ADS Contract and any future data center contract will differ from those of NIPSCO's traditionally regulated utility operations.
- Our partnership with ADS exposes us to significant customer concentration risk.

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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

**OPERATIONAL RISKS**

**We may not be able to execute our business plan or growth strategy, including utility infrastructure investments, or business opportunities.**

Operational, financial or regulatory conditions may result in our inability to execute our business plan or growth strategy, including investments related to natural gas and electric distribution and transmission infrastructure investments and our electric generation projects.

Our enterprise-wide transformation roadmap initiatives identify and enable long-term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization. These initiatives have increased the volume and pace of change within our organization and may not be effective or achieve planned results. These initiatives may also divert the attention of management from other aspects of our business. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, and mergers from time to time as we execute on our business plan and growth strategy. Any of these circumstances could adversely affect our business, results of operations and growth prospects. Even if our business plan, growth strategy, and/or business opportunities are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We may experience supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects, as well as our ability to ensure timely completion.

Additionally, operational, financial or regulatory conditions or other factors may result in our inability to effectively develop and implement our strategy with respect to the complex business opportunities associated with growing interest in data centers from existing and potential customers. See “Data Center Operations and Strategy Risks” for a discussion of certain such risks.

**Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.**

Our gas distribution and transmission activities and our electric generation, transmission and distribution activities involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental contamination, mechanical problems, damage from weather events, and other incidents, which could cause substantial financial losses. These hazards and risks have resulted and may result in serious injury or loss of life to employees and/or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial business and financial losses. The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. Hazardous incidents have subjected and may subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

**We currently conduct and may conduct in the future certain operations through a JV arrangement involving third- party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.**

We have and may enter into JV arrangements involving third-party investors, including the NIPSCO Minority Interest Transaction and the GenCo Minority Interest Transaction. As part of a JV arrangement, third-party investors may hold certain protective rights that may impact our ability to make certain decisions, restricting our operational and corporate flexibility. The NIPSCO Holdings II LLC Agreement and Generation Holdings II LLC Agreement contain certain such provisions. Any such third-party investors may have interests and objectives which may differ from ours, we may be unable to cause these third



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**NiSOURCE INC.**

**ITEM 1A. RISK FACTORS**

parties to take action that we believe would be in the JV's best interest, and, accordingly, disputes may arise that may result in operational impasses or litigation, including business delays.

**Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our inability to manage such related costs could make us less competitive.**

A key element of our electric business model includes generating power at central station power plants and transmitting that power to customers to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, and energy storage. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating, transmission and distribution facilities to decline, including our ability to recover our prior investments in such facilities.

Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, and potential competition supported by changes in laws or regulations, including potential natural gas bans or restrictions, such as the Department of Energy's furnace rule banning non-condensing gas furnaces, could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demand and expectations and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology, successfully implement such changes, and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our business, results of operations and financial condition. Furthermore, if these changes do not provide the anticipated benefits or meet customer demand and expectations, such failure could materially adversely affect our business model as well as impact our results of operations and financial condition.

**Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.**

We use a variety of technological tools and systems including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact our financial condition and results of operations. Although we have, when possible, developed alternative sources of technology and built redundancy and security into our computer operations, there can be no assurance that these efforts will protect against all potential issues related to the loss or failure of any such technologies.

**Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.**

We face risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and/or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (i) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, (ii) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures and (iii) other potential risks related to missing or incorrect infrastructure data. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs.

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**NiSOURCE INC.**

**ITEM 1A. RISK FACTORS**

Supply chain issues related to shortages of materials, labor and transportation logistics may lead to delays in the maintenance and replacement of aging or damaged infrastructure, which could increase the probability and/or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile certain materials in inventory, these efforts may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

**We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.**

Our ability to obtain insurance, as well as the cost and coverage of such insurance, is impacted by various events and developments affecting our industry and the financial condition and underwriting considerations of insurers. For example, some insurers have discontinued underwriting certain carbon-intensive energy-related businesses such as those in the coal industry or excluded coverage for specific perils such as wildfires, environmental exposures or punitive damage risks. Certain perils, such as cyber liability, are now being excluded from some master policies for property and casualty insurance, requiring, where we have the ability, procurement of additional policies to maintain consistent coverage at an additional cost. Specific natural catastrophe events, such as hail and tornado, may not be covered with the same limits as other perils in certain property policies, as full coverage for these events is unavailable in the marketplace. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us, and we may elect not to carry coverage at the same levels as have been historically procured. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position.

**Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.**

We intend to retire the remaining two coal units at R.M. Schahfer Generating Station, two natural gas-fired peaking units at R.M. Schahfer Generating Station, and the coal unit at Michigan City Generating Station. Absent a directive to remain open, we intend to retire the two natural-gas fired peaking units at R.M. Schahfer Generating Station by the end of 2027 and the coal unit at Michigan City Generating Station by the end of 2028. Although we had previously intended to retire them by the end of 2025, the two coal units at R.M. Schahfer Generating Station are currently subject to a federal directive to remain open. These units are being replaced with a diverse, flexible, and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management programs, wind, solar, battery energy storage, and new natural gas peaking resources. Project delays or potential changes with MISO's capacity accreditation of these replacement resources, may also drive us to evaluate additional alternatives to meet our capacity requirements. Macro supply chain issues and U.S. federal policy actions, such as additional federal directives preventing the retirement of these or other assets and the duration of such directives, could create uncertainty around the timing and availability of key input materials necessary to develop and place our electric generation projects in service.

We expect renewable generation, battery energy storage and natural gas generation to be the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. Any delays in the completion of such projects could create significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Delays to the completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition. An inability to secure and deliver on electric generation projects has negatively impacted, and could in the future negatively impact, our generation transition timeline and could negatively impact our achievement of decarbonization goals and reputation.

Our electric generation strategy may require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. In recent years, MISO has implemented new capacity accreditation rules and continues to put forth new plans and proposals relating to its accreditation requirements. Recent MISO accreditation changes have affected generation

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**NI SOURCE INC.**

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resources, with solar, wind, and battery storage being more significantly impacted than natural gas. It is possible that, under future MISO rules, the capacity accreditation for the capacity resources we construct (potentially including the significant capacity resources we plan to construct to serve ADS and any additional data center customers) will be eliminated or reduced, in which case we would need to replace or supplement the accredited generation capacity we plan to build. We expect that we would need to obtain significant additional debt and equity financing to fund these investments, which may not be available on favorable terms or at all. Although under the terms of the ADS Contract the costs of additional investment in generation resources in response to loss of MISO accreditation would be shared by us and ADS, such investment would be funded initially by us, and our recovery from ADS would occur over an extended period of time. In addition, there can be no guarantee that future data center contracts will contain adequate protections in this regard, or that any such contractual protections would be effective. If we are required to construct additional generation as a result of MISO accreditation changes (and obtain related financing), this could negatively impact our return under the ADS Contract or other data center contracts or otherwise adversely affect our future results and financial condition.

**Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies.**

Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas transmission and distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. In particular, in addition to the capital projects we plan to undertake to support our base business, in connection with the ADS Contract, we expect to construct, through GenCo, 400 MW of new battery storage and a new power generation facility consisting of two 1,300 MW CCGTs, which are expected to reach commercial operation between 2028 and 2032, as well as related transmission and distribution assets. In addition, in order to perform under any further data center contracts, we expect that we will need to develop additional generation and transmission assets, which may be significant. As we undertake these projects, we may be unable to complete them on schedule or at the anticipated costs.

Our ability to construct the currently contemplated generation and transmission assets, and any future generation, transmission or distribution assets in a timely manner and within budget is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, the ability of key suppliers, general contractors and subcontractors to timely satisfy their obligations under existing or future contracts and in compliance with the terms of such contracts, including the EPC Contracts and equipment supply contracts we have already entered into; the impact of new tariffs, if any, inflation and other trade or economic factors that may impact the cost of supplies and services; any other changes in the availability or costs of materials, equipment or commodities; changes in law or regulation, including environmental compliance requirements; the availability of and ability of our contractors to hire and retain qualified labor and the cost of such labor; delays caused by construction incidents or injuries, work stoppages, poor initial cost estimates and unforeseen engineering issues; the impact of public health emergencies or natural disasters or other severe weather events; capital market conditions, including the availability of credit and our ability to obtain financing on acceptable terms; charges allocated to us by MISO with respect to these assets; the impact of public involvement, intervention or litigation; and our ability to obtain any necessary land rights, easements and/or zoning approvals in a timely manner, or at all.

We are monitoring risks related to increasing delivery lead times for certain construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We continue to see increasing prices and limited availability associated with certain materials, equipment and products, which may impact our ability to complete major capital projects at the cost and timing that was planned and approved. To the extent that delays occur, costs increase, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our costs and timely complete our capital projects, if at all, our business operations, results of operations, cash flows, and financial condition may be adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights-of-way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, including as a result of public opposition to our existing or planned capital projects or due to new or increased federal, state or local requirements, we may not be able to construct or operate our facilities, we may be forced to incur

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**NI SOURCE INC.**

**ITEM 1A. RISK FACTORS**

additional costs, we may be forced to alter our capital project plans resulting in increased costs and/or delays or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion.

In addition, we are subject to the risk that we may construct or purchase certain projects to capture anticipated future growth (including in connection with potential data center customers), which may not materialize, and may cause the construction to occur over an extended period of time, in which case we may be unable to recover any or all amounts invested in such a project, or receive the anticipated increases in revenue and cash flows resulting from such projects until much later than expected, if at all.

**A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, and economic conditions impact customer demand.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity (which volatility is described in more detail in the below risk factor), whereby usage declines with increased costs which could affect our financial results. Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, demand and consumer confidence. Therefore, prevailing economic conditions affecting our customers may in turn affect demand and our financial results.

**Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.**

Our current electric generating depends on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions we operate in order to fully recover the commodity costs incurred in selling energy to our customers. While we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation and storage facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if capacity is inadequate or if supply is interrupted, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

**Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.**

We face increased competition for talent which may result in longer hire times or increased cost due to the competitive nature of certain positions.

We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of current skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment or other conditions, including those related to organizational changes as described in the risk factor below.

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**NI SOURCE INC.**  
**ITEM 1A. RISK FACTORS**

Further, as part of our strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal-fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re-skill certain employees to support our long-term objectives. Additionally, successful implementation of our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee our progress.

A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in labor disruptions, strikes or significant negotiated wage or benefit increases. Although we maintain workforce continuity plans, our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Failure to attract, retain, or re-skill qualified employees, including the ability to transfer significant internal historical knowledge and expertise to new employees, could result in a loss of momentum, loss of high-level employees to our peers and could materially adversely affect our business, results of operations, cash flow and financial condition. If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory labor relations, safety, service reliability, and customer satisfaction, our results of operations could be adversely affected.

**If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.**

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes from our transformation initiatives put pressure on employees due to the volume and pace of change and, in some cases, the loss of personnel. Front-line workers are being impacted by the variety of process and technology changes that are currently in progress.

If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted.

**Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.**

We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long-term strategy or the interests of our other stockholders. Our response to suggested actions, proposals, director nominations and contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees, and be costly and time-consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third-party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

**We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.**

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We have seen, and may see in the future, slowing deliveries from suppliers and in some cases materials and labor shortages. In addition to delays and unavailability, at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry

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standards), interruption of service, accidents, or reputational harm, which could negatively impact our business, financial condition and results of operations. The nature of indirect supply chain, including a potential lack of control or certain visibility into sourcing by vendors, may also impact our ability to serve customers in a safe, reliable and cost-effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If delayed deliveries and shortages or any other difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers, or employees.

**A cyber-attack or security breach on any of our or certain third-party technology systems, including but not limited to information systems, infrastructure, software and hardware, upon which we rely may adversely affect our ability to operate, 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 technology 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 cybersecurity risks that all large corporations face (e.g., ransomware, 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 electric grid and natural gas infrastructure as well as sensitive and confidential customer and employee information. Deployment or adoption of new or emerging business technologies, including artificial intelligence, Internet of Things (IoT) devices, and cloud-based platforms, increased reliance on third-party vendors, cloud service providers and software supply chains, along with maintaining legacy technology, heightens our exposure to risks outside of our control and 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 electric grid and the natural gas infrastructure. Increasing large-scale corporate cyber-attacks in conjunction with more sophisticated threats continue to challenge utility companies. Additionally, international conflicts, as well as increased surveillance activity from global threat actors, has increased the likelihood of a cyber-attack or security breach on critical infrastructure systems.

Additionally, our information systems could experience sophisticated, cyber-attacks or security breaches by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such cyber-attacks or security breaches, our cybersecurity program does not prevent all breaches, cyber-attack or security breach incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, cybersecurity intrusions and attacks or security breaches to our information systems. To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted cyber-attacks or security breaches have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber-attack or security breach techniques, lack of cybersecurity hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non-compliance with cybersecurity controls can also result in a cybersecurity incident. We are aware of vendor cybersecurity incidents that have impacted our business, although no such events have had a material impact. Cyber-attacks or security breaches can occur at any point in the supply chain or with any suppliers, and future supplier non-compliance with cybersecurity controls could result in material cybersecurity incidents. In addition, we use unmanned aircraft systems (UAS) or drones in our business operations. UASs are also being used for malicious activities and the cybersecurity risk in connection with operating UASs is increasing.

In addition, we collect and retain personally identifiable information of our customers and employees. Customers and employees expect that we will adequately protect their personal information.

A cybersecurity breach of our information systems or operational technology, or a cybersecurity breach of the information systems of our customers, suppliers or others with whom we do business, could, among other things, (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



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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 and/or results of operations. Although we do maintain cybersecurity 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.

**Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and/or cash flows.**

The legal and regulatory environment surrounding cybersecurity and privacy is increasingly demanding. As cyber-attacks or security breaches are becoming more sophisticated, critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted. In November 2024, the TSA issued a Notice of Proposed Rulemaking (NPRM) that would mandate cyber risk management and reporting requirements for the pipeline industry. Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber-attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any failure to comply with government regulations or any failure in our cybersecurity protective measures may result in enforcement actions, all of which may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates.

**The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers.**

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a hurricane, tornado, wildfire, flood, or other major weather event, or terrorist attack, acts of war, international military invasions, including the political and economic disruption and uncertainty related to such terrorist attack, acts of war, or international military invasions, civil unrest, accident, public health emergency (e.g. pandemic), or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from tornadoes, hurricanes and remnants of hurricanes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, supply chain constraints could impact our ability to timely restore services. The occurrence of such events could materially adversely affect our business, financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. As a result, the amount and scope of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.

**We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.**

As a utility company, we are subject to adverse publicity focused on the actual or perceived reliability or affordability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or cybersecurity incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental practices or impacts, including our ability to meet the challenges posed by climate change and achieve our carbon emission reduction goals, as well as negative opinions regarding the appropriateness of such goals. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The foregoing may have adverse effects on our business, results of operations, cash flow and financial condition.

**The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.**

Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including temperature stresses to our electric and gas systems and equipment and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently

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provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers. As our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards, thereby increasing the frequency of weather impacts to overall electric reliability. Furthermore, in certain locations, our generation assets are geographically concentrated. Therefore, a localized weather or hazard impacting such a location could have a disproportionate cost and adverse effect on our ability to deliver certain products and services. Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us.

Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower-carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with economic considerations, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and regulations restricting, or imposing fees on, emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost-competitive option, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future.

We are unable to forecast the future of commodity markets. Some of our generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long-term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs, reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services.

Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could not only harm our reputation, but could adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, Maryland is considering policies related to the planning, practices, and future operations of natural gas suppliers in its state which could impact our business in the future.

**We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goal.**

In November 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the “Net Zero Goal”). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economically or technologically feasible to deploy at scale, of which, the impacts and costs are not currently fully understood. NIPSCO’s electric generation transition, which is outlined in the 2024 Plan, is a key element of the Net Zero Goal. Our analysis and plan for execution requires us to make a number of assumptions. These underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements; the ability to complete and implement generation alternatives to NIPSCO’s coal generation and retire NIPSCO’s coal facilities; the ability to implement our modernization plans



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for our natural gas pipelines and facilities, including construction of new pipelines and facilities; customer demand and capacity needs remaining in line with current expectations, including impacts from energy efficiency and technological innovation and adoption of alternative energy sources; the ability to effectively manage emissions associated with electric generation to serve growth and data center development; the ability to manage costs and supply chain risks associated with construction of electric and natural gas assets; technological innovation and costs of energy generation technologies such as wind, solar, nuclear thermal and energy storage, and of carbon abatement technologies such as carbon capture solutions; stakeholder support for these technologies; regulatory approval and the terms of such approvals; impacts of potential future environmental regulations or legislation, including potential GHG pricing regimes such as a carbon tax or methane fee; the price, availability and regulation of carbon offsets; and the price of natural gas and alternative fuels such as hydrogen. Any negative opinions with respect to these goals or our environmental practices, including our ability to meet the challenges posed by climate change and our ability to achieve our carbon emission reduction goals, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition.

**FINANCIAL, ECONOMIC AND MARKET RISKS**

**We have substantial indebtedness which could adversely affect our financial condition.**

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of \$16,213.5 million outstanding as of December 31, 2025. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, non-compliance with debt covenants could adversely affect our ability to obtain future borrowings. Any and all of the above could materially adversely affect our business, financial condition, results of operations, and liquidity.

In addition, we expect to incur significant additional indebtedness in order to construct the generation and transmission assets needed to serve ADS and any future data center customers. See “Data Center Operations and Strategy Risks—We will be required to obtain significant additional financing in order to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts. Such financing may not be available on favorable terms, if at all.” and “—Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.” for a discussion of certain risks relating to this anticipated additional indebtedness.

**A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.**

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our actual or perceived business risk (including increasing data center operations as compared to traditional utility operations), capital structure, earnings profile, liabilities, business strategy, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

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Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) drop below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2025, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$150.2 million. In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If our or certain of our subsidiaries’ credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of our indebtedness would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such increase may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower our share price and result in greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

**Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.**

Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on the issuance of long-term debt and equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. There may be external factors such as inflation, monetary policy or other market conditions which could impact our cost of borrowing and could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because NIPSCO’s current generating facilities partially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, investors may choose to sell or choose not to purchase our stock due to environmental, social and governance or sustainability concerns. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

We may face limits on our ability, or inability, to access credit and capital markets or may experience significant increases in the cost of capital, which could limit our ability to implement or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

**Most of our revenues are subject to regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Most of our revenues are subject to regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact our revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the regulators’ view as to the necessity of our expenditures, regulatory interpretations, customer intervention, economic conditions, the political environment and customer affordability. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services.

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**The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.**

The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These state regulatory commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC). Further, NIPSCO's and GenCo's operations under the ADS Contract will be, and under future data center contracts are expected to be, regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations. See "Data Center Operations and Strategy Risks" for a discussion of certain such risks.

Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing interests. Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudence reviews by regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings or changes to the related regulatory rules or processes could adversely affect our financial position, results of operations and cash flows.

There can be no assurance that regulators will approve the recovery of all operating and capital costs incurred by our electric and natural gas companies, including, but not limited to, costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cybersecurity laws and regulations. Further, we face regulatory challenges when our electric and gas companies seek regulatory recovery of increases to materials and other costs as a result of inflationary pressures, including accounting for inflationary pricing in plans and assumptions and ensuring there is a regulatory recovery model. There is debate among regulators and other stakeholders over how to transition to a decarbonized economy and prudence arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating or capital costs could have an adverse effect on our financial position, results of operations and cash flows.

Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs or operational requirements for our companies.

In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company's allowed ROE, as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments. These actions would have an adverse effect on our financial position, results of operations and cash flows.

For a discussion of the regulation of our operations related to serving data center customers and relationships with data center customers that are served by generation assets constructed by GenCo and related risks, see "Data Center Operations and Strategy Risks—The return structure and risk profile of ADS Contract and related development of the Contract Assets differ from those of NIPSCO's traditionally regulated utility operations. Any future data center contracts we enter into are expected to have a comparable structure and risk profile."

Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations, including the expected final ruling around leak detection and repair

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requirements could subject our gas utilities to higher operating costs and divert business resources from other activities in order to remain compliant. If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation.

Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows.

**Our business operations are subject to economic conditions in certain industries.**

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and other changes in consumer demand, including due to a preference for environmentally friendly products and practices. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs, government and societal pressure to decarbonization, and fluctuating demand for its products.

**We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.**

Our extension of credit is governed by a Corporate Credit Risk Management Policy, involves judgment by our employees and is based on an evaluation of customer, supplier, or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions impacting these credit risk exposures could result in an increase in defaults by customers, suppliers and counterparties. We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations, such risks could negatively impact our business, financial condition and cash flow.

**We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.**

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock, if any, is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

**Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.**

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which could fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefit plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expenses could negatively impact our results of operations and financial position.

**We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.**

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price

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**NI SOURCE INC.**

**ITEM 1A. RISK FACTORS**

or market capitalization below book value, indicate that the carrying value may not be recoverable and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, an impairment of goodwill would not be recoverable, in which case we may record a non-cash impairment charge, which could materially impact our results of operations and financial position.

A significant impairment charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility, which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

**The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.**

We are, or may be, involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, the most significant of which are summarized in, Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. While we maintain insurance, it may not cover all costs or expenses incurred relating to litigation. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

**Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies and a failure to comply with changes in, or new or different interpretations of, such laws, regulations, tariffs and policies could have an adverse impact on our business.**

Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new or different laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints, both direct and indirect, including but not limited to material or labor shortages, may challenge our ability to remain in compliance with these laws, regulations, tariffs and policies and operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

**Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.**

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, leak detection and repair, GHG and waste products such as CCR. Compliance with these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage.

Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities.

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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we have set a Net Zero Goal and continue to execute our plan to reduce our GHG emissions by the increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, GHG emissions are anticipated to be associated with energy delivery for many years. Future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows.

Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and may promulgate additional regulations concerning the management, storage, use and disposal of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage.

We have a pending application with the EPA to continue operation of a CCR impoundment that is tied to operation of R.M. Schahfer Generating Station Units 17 and 18, which are operating under a 202(c) order. The EPA has proposed a rule that would extend the deadline to close this CCR impoundment from 2028 to 2031. In the event that approval of this application is not obtained, or the rule is not finalized and implemented, future operations could be impacted, as well as NIPSCO's ability to comply with certain EPA requirements.

The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of remediation or improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes or increases in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

**Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.**

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted or interpreted by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than \$1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. Our NIPSCO subsidiary's renewable portfolio is eligible for tax credits associated with the investment in renewable generation assets and production of power from those assets. Statutory changes, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

**DATA CENTER OPERATIONS AND STRATEGY RISKS**

**Data center growth in our service territories, including a focus on northern Indiana, while providing growth opportunities that enhance our business strategy, provide significant financial, operational, and regulatory risks that must be effectively managed.**

As we continue to evaluate new business opportunities presented by the data center development in our territories, including a focus on northern Indiana, we face a variety of challenges including accurately predicting future power needs of data centers due to rapidly changing technology and market dynamics, managing the potential power demand, generation sources, and transmission capabilities to meet potential load growth from any data center customer, financing the capital investment needed to build and maintain the necessary infrastructure to support data center development, obtaining permitting and siting approval for necessary infrastructure (which may encounter significant local opposition), managing the possible environmental impact of the potential increased power demand while remaining focused on our Net Zero Goal, and evaluating and complying with evolving regulations related to data center development. In addition, our ADS Contract requires us to invest significant capital to develop generation sources and transmission capabilities before we receive the full return on the capital invested, and it is likely that any future data center contracts we enter into similarly will require significant investment before receiving returns. In addition, we face challenges in predicting the demand of potential data center customers in our service territories. It is possible that we may overestimate such demand, causing us to invest in generation and transmission assets in excess of those needed to serve data center customers. If we are not able to utilize such assets to serve other customers, this could negatively affect our



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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

reputation, cash flows, financial position and/or results of operations. We also may underestimate the potential demand of data center customers, in which case we may not be able to develop necessary generation and transmission assets within a timeframe that is acceptable to potential customers, resulting in the loss of potentially profitable opportunities. We must effectively manage these financial, operational and regulatory risks.

**Our construction of the Contract Assets and any generation or transmission assets we develop to support future data center contracts involves significant risks. Construction delays, cost overruns or performance issues with the Contract Assets could reduce our returns under the ADS Contract or other future data center contracts and could require us to obtain additional financing.**

In connection with the ADS Contract and any future data center contracts, we expect to construct significant generation and transmission assets. Our ability to construct such assets in a timely manner and within budget is contingent upon many variables and subject to substantial risks. See “Operational Risks— Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies” for additional information. Our return under the ADS Contract will be, and our return under future data center contracts is expected to be, affected by our ability to construct, develop and place into service these assets on time or at all and consistent with initial cost estimates, as well as the performance of these assets once constructed and placed into service.

Under the ADS Contract, if the Contract Assets are delivered into service late or do not achieve certain other performance-related milestones, ADS is entitled to liquidated damages, which would be offset against NIPSCO’s billings to ADS and reduce the rate of return earned under the ADS Contract. In addition, our actual costs to construct the Contract Assets may exceed the budget contemplated by the ADS Contract, which could result from delays in construction or from other factors. Any such cost overruns will need to be funded initially by us, either through our cash flows from operating activities or additional debt or equity financing. Although our EPC contracts provide certain protections against cost overruns under those contracts, and any excess costs not recoverable through the EPC contracts are to be shared by us and ADS, any recoveries from our EPC contractors and/or ADS would occur over an extended period of time. The need for us to fund these expenses in the first instance may reduce our ability to use our operating cash flows for other purposes or may require us to obtain additional debt or equity financing, which may not be available on favorable terms or at all. These costs, if incurred, could negatively impact our return under the ADS Contract or adversely affect our future results and financial condition. In addition, we expect that construction delays, performance shortfalls or cost overruns in connection with construction of generation and transmission assets supporting any future data center contracts could similarly have a negative effect on our return under such contracts and our financial condition.

**We will be required to obtain significant additional financing in order to construct the Contract Assets and any generation or transmission assets we develop to support future data center contracts. Such financing may not be available on favorable terms, if at all.**

In order to finance the construction of the Contract Assets, as well as any generation and transmission assets we develop to support future data center contracts, we expect to incur significant additional long-term debt and issue additional equity in NiSource, in addition to the financing we otherwise would seek to support investments in our existing businesses and refinance existing indebtedness. The NIPSCO Holdings II LLC Agreement and Generation Holdings II LLC Agreement will allow for additional capital contributions from affiliates of Blackstone to NIPSCO Holdings II and Generation Holdings II in connection with such Blackstone affiliates’ minority interest investments in those entities. In addition, we may consider other funding sources, structures, or partnerships such as JVs or off-balance sheet arrangements such as BTAs, as market conditions and strategic considerations evolve, or as may be necessary to support maintenance of our investment grade credit ratings. The amount of additional long-term debt or NiSource equity needed to support construction of the Contract Assets and any generation and transmission assets to support future data center contracts could increase, potentially significantly, from our current expectations if we experience construction delays or cost overruns.

External factors such as inflation, monetary policy or other market conditions could impact our cost of borrowing and could make it more difficult to obtain the financing that is required to construct the Contract Assets and any generation and transmission assets we develop to support future data center contracts on favorable terms, or at all. The issuance of additional debt could negatively impact our credit ratings and overall cost of capital, which could in turn adversely affect our future results and liquidity. In addition, an economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, or a change in investor sentiment toward us or the utilities industry or the cloud-computing, artificial intelligence and data center industry generally could adversely affect our ability to raise the necessary capital. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could jeopardize our

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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

ability to complete construction of the Contract Assets or any generation and transmission assets we develop to support future data center contracts on-time and within budget, and could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

**Pursuit of our partnership with ADS creates significant opportunity costs and reduces our strategic and financial flexibility in the near term.**

We expect to incur significant indebtedness to fund our construction of the Contract Assets. Doing so will reduce our ability to incur further indebtedness to pursue other strategic opportunities, such as partnerships with other large data center customers or strategic mergers and acquisitions, while at the same time maintaining our investment grade credit ratings, which may require us to rely to a greater degree on equity financing in connection with future data center contracts and also may increase our reliance on equity financing for future investments in our existing traditionally regulated utility business, each of which could lead to substantial dilution of our existing shareholders. In addition, our credit rating agencies consider the percentage of our business comprised of traditionally regulated utility operations in their analysis of our credit quality.

In addition to these factors relating to our financing and credit ratings, our partnership with ADS is expected to employ a significant amount of our existing excess transmission infrastructure, which will limit our ability to use these assets for other opportunities, including additional data center opportunities. Furthermore, effectively overseeing the construction and financing of the Contract Assets will require significant time and attention of our management, which could detract from their oversight of our existing business and ability to pursue other strategic opportunities.

**The return structure and risk profile of ADS Contract and any future data center contract will differ from those of NIPSCO's traditionally regulated utility operations.**

NIPSCO's and GenCo's operations under the ADS Contract will be, and under future data center contracts are expected to be, regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations, which affects the manner in which we recover our investment costs and earn a return on our investment. NIPSCO's electric utility rates historically have been determined and approved in regulatory proceedings with the IURC based on an analysis of NIPSCO's costs to provide utility service and a return on, and recovery of, NIPSCO's investment in the utility business. Through the IURC rate-making process, retail rates may be adjusted over time, and NIPSCO may request additional revenue, in order to cover ongoing costs and investment and earn an adequate return.

In contrast, the terms of the ADS Contract were, and the terms of any future contracts with other data center customers are expected to be, determined through commercial negotiations. In the case of the ADS Contract, these terms include the charges that we receive from ADS, which are designed to allow us to recover the costs that we incur to construct and operate the Contract Assets and earn a return, and provisions that may result in adjustments to those charges such as, among other factors, those relating to certain liquidated damages that we may owe ADS in the event of construction delays or capacity shortfalls and the parties' responsibility to share cost overruns, among other provisions. The terms of any future data center contracts we enter into may differ from the terms of the ADS Contract. For example, customer demand may not be served through designated assets and may contemplate that capacity will be procured via PPAs with third parties. However, the terms of any future data center contracts (including the charges we receive from customers and any potential adjustments to such charges) will inform our ability to recover our investments and earn a return. These terms of the ADS Contract do not, and the terms of any future data center contract are not expected to, guarantee a specific overall rate of return, and the overall return we earn under the ADS Contract or any future data center contracts may ultimately be lower than that of NIPSCO's traditional utility operations. The IURC will not determine the commercial terms of the ADS Contract and is not expected to determine the commercial terms of any future data center contracts; however, the IURC is expected to maintain oversight under the ADS Contract and any future data center contracts to ensure NIPSCO provides reliable service to ADS and any future data center customers at just and reasonable rates. In order to recover our investment costs and earn our return under the ADS Contract and any future data center contracts, our subsidiaries must efficiently perform their own obligations and must look to ADS or future customers (or, if applicable, any parent guarantor) to perform its obligations, rather than the IURC making use of its traditional rate-making process. In addition, under the ADS Contract, NIPSCO has direct contractual obligations to the ADS to, among other things, construct the Contract Assets and deliver committed electric capacity in fixed amounts by certain dates. We expect our subsidiaries to have comparable contractual obligations to customers in connection with any future data center contracts. If disputes arise with data center customers, including ADS, regarding provisions of a data center contract, including the ADS Contract, or payments to be made or actions to be taken thereunder, we may be significantly disadvantaged as a result of, among other factors, the significance of such contracts to us and the greater resources (financial and otherwise) available to the relevant customer. Any dispute or litigation with a data center customer, including ADS, could create significant demands on the attention of management and result in significant costs to us.



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**NISOURCE INC.**

**ITEM 1A. RISK FACTORS**

In addition, the IURC, through its review and approval of the ADS Contract and any future data center contracts, and the related PPAs between NIPSCO and GenCo, will have ultimate authority over the implementation of these agreements. In this context, we will need to continuously assess the applicability of ASC Topic 980 over the life of the ADS Contract and other data center contracts. It is possible that significant construction overruns, capacity shortfalls or other events that could result in NIPSCO or GenCo owing liquidated damages under the ADS Contract or any future data center contract could either preclude ongoing application of ASC Topic 980 or result in an immediate disallowance and impairment of the Contract Assets, or, if applicable, and any generation and transmission assets we develop to support future data center contracts. In addition, early termination of the ADS Contract or any future data center contract, as applicable, could result in such impairment and discontinuation of application of ASC Topic 980 with respect to the assets being constructed to serve the applicable data center contract, unless such assets can be used to support new or existing customers. If we incur significant costs that we are not able to recover from ADS or future data center customers (for example, greater than expected purchases of market capacity or operations and maintenance costs significantly exceeding those contemplated by the ADS Contract or any future data center contract), this also could discontinue the application of ASC Topic 980 to the ADS Contract and the Contract Assets, or other applicable data center contract and related assets.

**Our partnership with ADS exposes us to significant customer concentration risk.**

ADS will be a significant customer of our electric utility operations. For example, the generating capacity of the Contract Assets, when fully delivered into service, is expected to be approximately equivalent to the generating capacity of all NIPSCO's existing generating assets. However, ADS has the right to terminate the ADS Contract for convenience following certain notice periods. If ADS terminates or defaults under the ADS Contract or elects not to renew the ADS Contract after the initial term, we may not be able to replace ADS' demand or otherwise fully utilize the assets constructed in connection with the ADS Contract. We also may not receive the same level of return with respect to any alternative use.

In addition, ADS has a one-time option (exercisable no later than March 31, 2029) to halve committed capacity under the ADS Contract to 1,200 MW commencing January 31, 2032. If ADS elects to reduce the committed capacity under the ADS Contract or to terminate the ADS Contract during its initial term, we will not receive the full earnings we expect to receive over the life of the ADS Contract. Although the ADS Contract provides for reimbursement for our investment in the Contract Assets and related expenses in the event of a reduction in the committed capacity or early termination, the amount of any reimbursement is capped under the ADS Contract, with the amount of the caps being based on cost estimates determined as of signing. Furthermore, our ability to collect any reimbursable amounts will depend upon the willingness and ability of ADS or its parent guarantor to satisfy their payment obligations under the ADS Contract and related guarantee. Accordingly, we may not be able to recover our full investment, which may adversely affect our future results and financial condition.

Any of the above outcomes could adversely affect our future results, financial conditions and results of operations. Termination of the ADS Contract during its initial term or exercise by ADS of its one-time option to reduce capacity also may cause us reputational harm, which could, among other things, negatively affect our ability to source and execute contracts with additional data center customers.

Although we anticipate expanding our base of data center customers, we expect the total number of data center customers we serve to remain relatively small by comparison to our current customer base. Any future data center contracts our subsidiaries enter into may contain termination and/or capacity reduction provisions and related reimbursement comparable to the ADS Contract, exposing us to risks comparable to those described above (the significance of which will be affected by the relative size of any such contract and the costs we incur to develop resources supporting such contract). The concentration of business with a small number of customers in an industry based on emerging technologies, including artificial intelligence and machine learning, presents several risks for us. Our data center customers' technologies and their related business applications have developed rapidly in recent years and continue to develop. We cannot predict the rate at which or the extent to which these emerging technologies will be broadly adopted and successful as business models. Additionally, these customers may experience business downturn, which may cause the loss of these customers or may weaken their financial condition. Similarly, customers may reduce their investment in these new technologies or abandon them entirely.

Many factors, including those outside our and our data center customers' control, could cause our data center customers to terminate their data center contracts or exercise any applicable options to reduce capacity. These factors also could contribute to an overall lessening of demand from data center customers. Such factors include, for example: (i) construction delays, cost overruns or capacity shortfalls that occur in connection with our construction of the generation and transmission assets we plan to construct to serve our data center customers, (ii) similar problems that our data center customers may encounter in

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**NI SOURCE INC.**

**ITEM 1A. RISK FACTORS**

connection with constructing their data centers, (iii) any decrease or lessening of current cloud-computing or artificial intelligence demand trends or a change in the current supportive legal and regulatory environment (in Northern Indiana or elsewhere) with respect to cloud-computing or artificial intelligence, as well as other factors such as environmental concerns (for example, relating to the sourcing of natural gas to power data centers or supplying water from local resources to cool data centers), which could negatively impact the demand for data centers, (iv) technological or other advances impacting the design and operation of data centers, which could reduce the amount of electricity needed to power data centers, potentially significantly, (v) competing energy technologies could become a preferred source of energy for powering data centers, (vi) any business downturns or weakening financial condition that our data center customers may experience and (vii) any decision by our data center customers to reduce their investment in these new technologies or abandon them entirely.

In addition, as a result of the ADS Contract, and any further agreements we may sign with data center companies, our stock price may experience increased volatility as a result of factors outside our control. For example, our stock price may be negatively affected as a result of any actual or perceived slowdown in the adoption of artificial intelligence technology, the regulation or proposed regulation of such technology, or actual or perceived changes in the strategic or financial position of our data center customers. The trading prices for shares of stock in a number of U.S. public companies operating or serving data centers have recently experienced significant volatility.

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**NiSOURCE INC.**

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

We have implemented and maintain a comprehensive cybersecurity program that includes a variety of security controls and measures designed to identify, assess, and manage material cybersecurity risks. The program is a part of our enterprise risk management strategy. The enterprise risk team and the Risk Management Committee review material risks to any NiSource operating company based on perspectives from external experts, peer surveys, and the potential impact to our enterprise assets and strategic objectives.

Risk events are classified based on both the timing of impact and NiSource's ability to preventatively mitigate the risk. For the cybersecurity risks that can be preventively mitigated, the enterprise risk team gathers quarterly updates on mitigation gap closure from risk owners. The Risk Management Committee reviews any mitigation gaps identified by risk owners and approves or rejects the pace of mitigation activities as a statement of risk tolerance and then directs that mitigation activities be included in budgets and the business plan as appropriate.

Our cybersecurity program includes the following key components:

***Risk assessment.*** We regularly assess our cybersecurity risks to identify and prioritize the most significant threats. The risk assessment process considers a variety of factors, including those specific to the utility/energy industry, the types of data we collect and store, and the threats posed by known vulnerabilities. We engage third parties to perform independent assessments of our cybersecurity program, provide intelligence about the threat environment, and to provide operational assistance in managing the program. Annually, a third-party independent assessment is performed to evaluate our cybersecurity maturity against a framework of cybersecurity controls. We also perform bi-annual penetration testing and social engineering assessments performed by a third-party.

***Third-party risk management.*** We perform cyber assessments periodically on all third-party vendors and service providers with whom we share data, rely on for critical business functions, or provide access to our network or systems. Our Supply Chain function works with the Legal and Cyber functions to periodically update cybersecurity contractual provisions in its vendor agreements, with deviations from such provisions requiring approval from the Legal and Cyber functions. Our Supplier Code of Business Conduct requires, among other things, that suppliers ensure safe and secure use of information assets, comply with applicable law relating to personal information, and adhering to standards relative to the use and protection of our information, including that of our employees, customers, vendors and other stakeholders. In addition, all vendors and contractors that have access and/or connectivity to our environment must complete cybersecurity training annually.

***Security controls.*** We have implemented a variety of security controls to mitigate cybersecurity risks. These controls include technical controls, such as firewalls and intrusion detection systems, as well as administrative controls, such as employee training and security awareness programs. To ensure cybersecurity controls, our operational technology within the electric business adheres to the NERC CIP. Within the natural gas business, cybersecurity controls are managed and monitored based on the TSA Security Directives.

***Incident response.*** We have a comprehensive incident response plan in place to respond to cybersecurity incidents. The plan includes steps for detection, analysis, containment, eradication, and recovery from incidents, as well as steps for notifying affected individuals and regulators.

The Audit Committee of our Board has responsibility for oversight of the cybersecurity program and risks from cybersecurity threats. The Audit Committee regularly reviews our cybersecurity posture. The CISO briefs the Audit Committee on cybersecurity risks and risk mitigation initiatives and actions. In addition, the Board remains informed of key and emerging cybersecurity risks and receives updates by the Audit Committee after each of its regularly scheduled meetings.

At the management level, the CISO leads the cybersecurity program and is responsible for assessing and managing cybersecurity risks. Our CISO has expertise and experience in cybersecurity derived from over 15 years of cyber related work experience and possesses several certifications including CISSP, CRISC, and CISA. The CISO is supported by the NiSource Enterprise Security team which performs the cybersecurity function and engages directly on the prevention, detection, mitigation, and remediation of cybersecurity incidents.

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**NISOURCE INC.**

As of the date of filing this Annual Report on Form 10-K, we are not aware of any material cybersecurity incidents during the past year. We monitor the increasing sophistication of cybersecurity threats and continue to allocate resources to enhance our cybersecurity program to protect its information systems and assets. No cybersecurity program is effective to identify and mitigate all threats and we cannot guarantee that we will be able to prevent all cybersecurity incidents. Such an incident could interrupt our normal operations and require us to incur significant costs to remediate any such incident and could have a material impact on our businesses, operations and financial condition. For more information regarding the risks associated with cybersecurity, refer to "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

**ITEM 2. PROPERTIES**

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2025.

**Columbia Operations**

Refer to Item 1, "Business - Columbia Operations," of this report for further information on Columbia Operations properties.

**NIPSCO Operations**

Refer to Item 1, "Business - NIPSCO Operations," of this report for further information on NIPSCO Operations properties.

**Corporate and Other Operations**

We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

**Character of Ownership**

Our principal properties and our subsidiaries' principal properties are free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in the various communities we serve are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

**ITEM 3. LEGAL PROCEEDINGS**

For a description of our legal proceedings, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

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**NiSOURCE INC.**

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

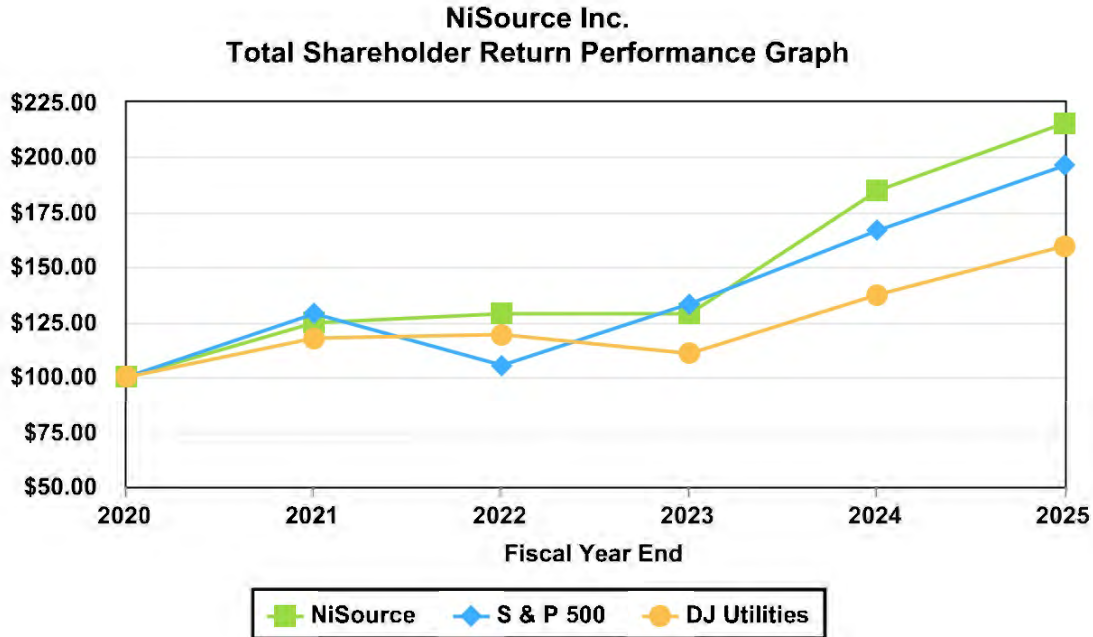
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by the Board out of funds legally available. There is no preferred stock outstanding as of December 31, 2025. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 22, 2026 meeting, the Board declared a quarterly common dividend of \$0.300 per share, payable on February 20, 2026 to holders of record on February 3, 2026.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 4, 2026 NiSource had 14,211 common stockholders of record and 478,533,171 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the period commencing December 31, 2020 and ending December 31, 2025 with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices.



The foregoing performance graph is being furnished as part of this Annual Report on Form 10-K solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of \$100 and assumes dividend reinvestment.

***Purchases of Equity Securities by Issuer and Affiliated Purchasers.*** For the three months ended December 31, 2025, no equity securities that are registered by NiSource Inc. pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our affiliated purchasers.

**ITEM 6. RESERVED**

Not applicable.

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NiSOURCE INC.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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**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" and Item 1A, "Risk Factors" at the beginning of this report for a list of factors that may cause results to differ materially. Refer to the "Business" section under Part I, Item 1 of this Annual Report on Form 10-K and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for further discussion of our regulated utility business segments.

This Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose primary 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: Columbia Operations and NIPSCO Operations.

Our vision is to be a premier, innovative and trusted energy partner. We exist to deliver safe, reliable energy that drives value to our customers. In order to achieve this goal, we seek to develop strategies that benefit all stakeholders as we (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures and regulatory programs with our cost structure, and (iii) create value and enable growth in an evolving energy ecosystem. These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer value and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our focus. Serving as a guiding practice for our SMS, NiSource is certified in conformance to the American Petroleum Institute Recommended Practice 1173, which is the foundation to our journey towards operational excellence.

**2025 Overview:**

In 2025, we continued to make significant progress on the remaining portfolio of projects that will enable our electric generation transition, including placing two solar projects and one solar and battery project into service. We advanced our Data Center strategy significantly by creating our GenCo affiliate, whose goal is to build capacity to serve large load customers. We also executed the ADS Contract and related EPC contracts discussed below. During the year, we received orders for four rate cases: Columbia of Maryland, Columbia of Pennsylvania, Columbia of Virginia, and NIPSCO Electric. Between our Columbia and NIPSCO Operating Segments, we added 24,000 customers. We also invested \$1.6 billion in infrastructure modernization to enhance safe, reliable service, including replacement of 256 miles of distribution main and service lines, 45 miles of underground cable and 1,656 electric poles. We concluded the second and third phases of a WAM ERP program, covering all gas distribution operations across our operating territories and our generation assets, to optimize the scheduling, dispatch, and execution of our field operations.

**ADS Contract and Data Center Strategy:**

*ADS Contract*

In September 2025, NIPSCO entered into an agreement with ADS, a wholly-owned subsidiary of Amazon.com, Inc., under which NIPSCO will provide electricity to ADS' data centers. Under the ADS Contract, which is pending IURC approval, NIPSCO will provide electric service to ADS pursuant to a capacity commitment beginning in 2027 and increasing annually to

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

2,400 MW by the end of 2032 and will construct up to 3,000 MW of dispatchable generation to provide such electric service. The ADS Contract's initial term ends 15 years after the initial energization of ADS' initial data center. Starting January 2027, ADS will regularly pay NIPSCO a fixed capacity charge and certain pass-through charges. Amazon.com, Inc. a publicly traded, investment-grade parent company has guaranteed ADS' payment obligations. These charges are structured to provide us with a return of our invested capital over the fifteen-year initial term. In addition, the ADS Contract contains provisions for adjustment of the charges designed to provide us with an unlevered internal rate of return on our invested capital over the initial term within a defined range, which we expect over the life of the ADS contract to result in an overall realized return greater than that of NIPSCO's current electric operations, driven by execution and financing. Our realized return may be impacted by factors such as construction costs, operating performance, financing costs and other variables. NIPSCO will also propose to the IURC a mechanism to pass savings back to retail customers for use of the existing system which is expected to begin in 2027. Refer to Part I, Item 1A, "Risk Factors" for a discussion of certain of these factors and other risks relating to the ADS Contract.

In order to meet demand under the ADS Contract, NIPSCO has entered into a PPA with GenCo, which is pending IURC approval and contains terms and provisions substantially similar to the ADS Contract, such that economic benefits (except savings that are expected to be passed to retail customers as described above) and obligations of the ADS Contract as they relate to the Generation Assets (as defined below) are expected to be borne by GenCo and NiSource, as GenCo's ultimate parent company, rather than NIPSCO.

GenCo plans to construct 400 MW of new battery storage and a new power generation facility consisting of two 1,300 MW CCGTs, which are expected to reach commercial operation between 2028 and 2032 (such assets, collectively, the "Generation Assets"). NIPSCO currently has a proceeding before the IURC to approve the generation facilities required to be built for ADS. GenCo has entered into engineering, procurement and construction contracts (the "EPC Contracts"), and certain equipment supply contracts, including a contract to acquire turbines, with respect to the construction of the Generation Assets. The aggregate cost of the Generation Assets, together with the cost to develop related transmission infrastructure (collectively, the "Contract Assets"), is currently estimated to be approximately \$7 billion. The EPC Contracts provide certain protections against cost overruns, and any excess costs with respect to the EPC Contracts beyond those protections, or arising apart from the EPC Contracts are, unless otherwise agreed by the parties, shared by ADS and NIPSCO (for transmission) and GenCo (for generation). If the Contract Assets are delivered into service late or do not achieve certain performance-related milestones, ADS is entitled to liquidated damages, subject to a cap and offset against the regular charges paid by ADS.

Either party may terminate the ADS Contract upon certain defaults or failure to obtain necessary related approvals from the IURC and FERC. ADS may terminate the ADS Contract for convenience following certain notice periods and also has a one-time option (exercisable no later than March 31, 2029) to halve the committed capacity under the ADS Contract to 1,200 MW commencing January 31, 2032. If ADS terminates for convenience, exercises its reduction option or defaults, NIPSCO or its affiliates will be reimbursed for investment costs, subject to agreed caps based on cost estimates by year as of signing. NIPSCO's aggregate liability, including liquidated damages, is subject to a cap.

NIPSCO's and GenCo's operations under the ADS Contract will be regulated by the IURC in a different way from the regulatory mechanisms applicable to NIPSCO's historical operations. The terms of the ADS Contract were determined by commercial negotiation with ADS. These terms include the charges we receive from ADS and provisions that may result in adjustments to such charges, including those relating to certain liquidated damages that we may owe ADS in the event of construction delays or capacity shortfalls, the parties' responsibility to share cost overruns, certain changes in law and force majeure events. The IURC will not determine the commercial terms of the ADS Contract; however, the IURC will maintain oversight under the ADS Contract to ensure NIPSCO provides reliable service to ADS at just and reasonable rates. In order to recover our investment costs and earn our return under the ADS Contract, our subsidiaries must efficiently perform their own obligations and must look to ADS (or its parent guarantor) to perform its obligations, rather than the IURC making use of its traditional rate-making process. In addition, under the ADS Contract, NIPSCO has direct contractual obligations to ADS to, among other things, construct the Contract Assets and deliver committed electric capacity in fixed amounts by certain dates.

The terms of any future data center contracts we enter into may differ from the terms of the ADS Contract. For example, customer demand may not be served through designated assets and may contemplate that capacity will be procured via PPAs with third parties. However, the terms of any future data center contracts (including the charges we receive from customers and any potential adjustments to such charges) will inform our ability to recover our investments and earn a return. Similar to the ADS Contract, any additional data center contracts will be subject to IURC approval and oversight authority, but the IURC will not determine the commercial terms.

*Data Center Strategy*

We continue to experience strong demand from potential data center customers in our northern Indiana service territory and are engaged in negotiations with potential counterparties. Through certain of our subsidiaries, we have entered into certain



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**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

construction and equipment supply contracts in relation to additional generation and transmission assets that may be used to serve potential future data center customers. As we continue to evaluate our potential data center opportunities, we will continue to focus on the community, financial, operational and regulatory factors that must be managed effectively in order to succeed with our data center strategy. We believe data center development can enhance our local tax base, diversify the employment base across the state of Indiana, and provide greater value to existing customers and shareholders. We continually evaluate ways to effectively manage the potential power demand, generation sources, and transmission capabilities to meet potential further load growth from additional data center customers, while at the same time focusing on our environmental goals.

In order to perform under any further data center contracts, we expect that we would need to develop additional generation and transmission assets, which may be significant, and obtain additional financing in connection with such development. For these and other reasons, our ability to successfully execute our data center strategy is subject to a number of risks and uncertainties. Refer to Part I, Item 1A, "Risk Factors" for a discussion of certain risks relating to our data center strategy.

**Energy Transition:**

We continue to advance our energy transition strategy, primarily through the continuation and enhancement of existing programs, such as implementing our plan to retire and replace remaining coal-fired electric generation by 2028 with a balanced mix of low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak detection and repair. We continue to make progress on our electric generation transition, initiated through our 2018 Integrated Resource Plan ("2018 Plan"), and we are continually adjusting to the dynamic energy landscape. As of December 31, 2025, we have placed in service owned renewable and storage projects with combined nameplate capacities of 1,950 MW and 101 MW respectively. Renewable PPA projects with a combined nameplate capacity of 1,200 MW have also been placed in service. For additional information, see Note 14, "Other Commitments and Contingencies - D. Other Matters". In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions and authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). For additional information, see "Results and Discussion of Operations - NIPSCO Operations," in this Management's Discussion, and see Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

NIPSCO's 2021 Plan calls for a new natural gas peaking facility to replace existing vintage gas peaking facilities at the R.M. Schahfer Generating Station to support system reliability and resiliency, and upgrades to the electric transmission system. Following approval by the IURC in October 2024, the construction of a new 400 MW natural gas peaking generation facility is underway, which is expected to support the planned retirement of the existing vintage gas peaking facilities by the end of 2028. The 2021 Plan affirms Michigan City 2028 retirement and calls for new natural gas peaking facilities. Final retirement dates for these units will be subject to MISO approval.

NIPSCO's 2024 Integrated Resource Plan ("2024 Plan") was submitted to the IURC on December 9, 2024. The 2024 Plan maintains the retirement decisions and capacity additions identified in the 2018 and 2021 Integrated Resource Plans and calls for additional generation resources through 2029 to support capacity requirements. The 2024 Plan informs future generation investments required to ensure reliability for NIPSCO's customers and incorporates factors such as anticipated load growth from data centers and other economic development opportunities, EPA emissions rules, and evolving MISO resource accreditation rules. Given that the 90-day 202(c) order could continue to be issued every 90 days to keep Schahfer Units 17 & 18 open for the foreseeable future, and given that MISO's resource accreditations for renewables and storage remain uncertain, it may be necessary to evaluate changes to our previously communicated resource timelines and alternative resource decisions. We plan to move as efficiently as possible while maintaining the integrity of our commercial, planning, regulatory, procurement and operational execution processes.

We continue to enhance safety and reduce methane emissions on our gas systems through modernization programs and utilization of advanced leak detection and repair. In addition, we plan to advance other low- or zero-emission energy resources and technologies, such as hydrogen and renewable natural gas.



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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Transformation:**

We are modernizing and unlocking efficiencies within our systems and processes on operational excellence, safety, operation and maintenance management. These efforts include investments in proven technologies backed with standardized processes that will change the way we plan, schedule, and execute work in the field and how we engage and provide service to our customers. We delivered the first major milestones of our transformation roadmap through the implementation of phases of our WAM ERP program, foundational AMI capabilities, and completion of certain cyber enhancements to continue to advance the cybersecurity program. Our WAM ERP program has been implemented across our electric and transmission operations, all gas distribution operations and our generation assets. This ERP system standardizes processes around the design and build of our assets as well as optimizes the scheduling, dispatch, and execution of our field operations. We continue to focus on our customer technology platforms. In addition to transforming technology to enhance our employee and customer experiences, we believe these programs will modernize systems and further reduce our enterprise risk related to end-of-life systems.

**Economic Environment:**

We continue to monitor risks related to order and delivery lead times for construction and other materials, potential unavailability of materials due to global shortages in raw materials, and decreased construction labor productivity in the event of disruptions in the availability of materials. We continue to experience elevated material and supply costs in certain product sourcing categories driven by increased demand and tariffs. To the extent that work plan delays occur or our costs increase, our business operations, results of operations, cash flows, and financial condition could be materially adversely affected. Refer to Part I, Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K for further detail.

We are faced with increased competition for employee and contractor talent in the current labor market which has resulted in increased costs to attract and retain talent. We are ensuring that we use all internal human capital programs (development, leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal for potential recruits. Our flexible work arrangements, where possible, support a broader talent footprint for sourcing talent needed and for remaining competitive.

We continue to evaluate our financing plan to manage interest expense and exposure to rates. For more information on interest rate risk, see "Market Risk Disclosures" and Part I, Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K.

**NIPSCO Minority Interest Transaction:**

In December 2023, contemporaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II, and NiSource entered into an Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II. In January 2024, BIP transferred its equity interest to one of its affiliates and the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II. In October 2025, the members of NIPSCO Holdings II entered into a Third Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"), which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by the members affiliated with Blackstone by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries. The members of NIPSCO Holdings II that are affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transaction.

**GenCo Minority Equity Interest Transaction:**

In October 2025, NiSource issued a 19.9% equity interest in NiSource's wholly-owned subsidiary Generation Holdings II to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million in cash contributions to Generation Holdings II through an Amended and Restated Limited Liability Company Agreement of Generation Holdings II (the Generation Holdings II "LLC Agreement"). Generation Holdings II is the sole owner of GenCo.

The Generation Holdings II LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Generation Holdings II. Specifically,

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

under the terms of the Generation Holdings II LLC Agreement, Blackstone Investor will provide up to \$1.325 billion in additional capital contributions over a seven-year period, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof. Under the Generation Holdings II LLC Agreement, Blackstone Investor is entitled to appoint two directors to the board of directors of Generation Holdings II (the "Holdings II Board") so long as Blackstone Investor (together with any approved affiliate) holds at least a 17.5% Percentage Interest (as defined in the Generation Holdings II LLC Agreement). Blackstone Investor appointed two directors to the Holdings II Board, such that the Holdings II Board is comprised of seven directors, two appointed by Blackstone Investor and five appointed by NiSource. The Generation Holdings II LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone Investor approval for Generation Holdings II to take certain major actions outside of the normal course of business. In addition, the Generation Holdings II LLC Agreement contains certain terms surrounding transfer rights and other obligations applicable to both Blackstone Investor and NiSource. Under the Generation Holdings II LLC Agreement, Generation Holdings II has agreed that, so long as Blackstone Investor holds a 14.9% or greater percentage interest in Generation Holdings II, Generation Holdings II, NIPSCO Holdings II (as defined below) and/or their respective subsidiaries will be the exclusive vehicles for all power, storage and generation requirements for data center customers within NIPSCO's service territory. The Generation Holdings II LLC Agreement also establishes that NiSource will be attributed 80.1% of any profit or loss from Generation Holdings II, through its wholly owned subsidiary GenCo, with the Blackstone Investor being attributed the remaining 19.9% of any profit or loss.

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**NiSource Inc.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Summary of Consolidated Financial Results**

A summary of our consolidated financial results for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31,<br>(in millions, except per share amounts) | Favorable (Unfavorable) |                   |                   |                   |                  |  |
|--------------------------------------------------------------------|-------------------------|-------------------|-------------------|-------------------|------------------|--|
|                                                                    | 2025                    | 2024              | 2023              | 2025 vs. 2024     | 2024 vs. 2023    |  |
| <b>Operating Revenues</b>                                          | <b>\$ 6,642.2</b>       | <b>\$ 5,455.1</b> | <b>\$ 5,505.4</b> | <b>\$ 1,187.1</b> | <b>\$ (50.3)</b> |  |
| <b>Operating Expenses</b>                                          |                         |                   |                   |                   |                  |  |
| Cost of energy                                                     | 1,584.4                 | 1,132.2           | 1,533.3           | (452.2)           | 401.1            |  |
| Other Operating Expenses                                           | 3,222.5                 | 2,867.4           | 2,676.6           | (355.1)           | (190.8)          |  |
| <b>Total Operating Expenses</b>                                    | <b>4,806.9</b>          | <b>3,999.6</b>    | <b>4,209.9</b>    | <b>(807.3)</b>    | <b>210.3</b>     |  |
| <b>Operating Income</b>                                            | <b>1,835.3</b>          | <b>1,455.5</b>    | <b>1,295.5</b>    | <b>379.8</b>      | <b>160.0</b>     |  |
| Total Other Deductions, Net                                        | (618.9)                 | (452.7)           | (481.6)           | (166.2)           | 28.9             |  |
| Income Taxes                                                       | 203.8                   | 158.1             | 139.5             | (45.7)            | (18.6)           |  |
| <b>Net Income</b>                                                  | <b>1,012.6</b>          | <b>844.7</b>      | <b>674.4</b>      | <b>167.9</b>      | <b>170.3</b>     |  |
| Net (loss) income attributable to noncontrolling interest          | 83.1                    | 84.3              | (39.9)            | 1.2               | (124.2)          |  |
| <b>Net Income attributable to NiSource</b>                         | <b>929.5</b>            | <b>760.4</b>      | <b>714.3</b>      | <b>169.1</b>      | <b>46.1</b>      |  |
| Preferred dividends and redemption premium                         | —                       | (20.7)            | (52.6)            | 20.7              | 31.9             |  |
| <b>Net Income Available to Common Shareholders</b>                 | <b>929.5</b>            | <b>739.7</b>      | <b>661.7</b>      | <b>189.8</b>      | <b>78.0</b>      |  |
| Basic Earnings Per Share                                           | \$ 1.96                 | \$ 1.63           | \$ 1.59           | \$ 0.33           | \$ 0.04          |  |
| Diluted Earnings Per Share                                         | \$ 1.95                 | \$ 1.62           | \$ 1.48           | \$ 0.33           | \$ 0.14          |  |

The majority of the costs 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.

The increase in net income available to common shareholders during 2025 was primarily due to higher revenues, net of cost of energy, driven by our continued investment in safety and successful regulatory outcomes for these investments, reliability and low- or zero-emission generation year-over-year. The increase in net income available to common shareholders is partially offset by higher operation and maintenance expense, higher depreciation expense attributed to our planned capital expenditures, and increased interest expense.

For additional information on operating income variance drivers see "Results and Discussion of Operations" for Columbia Operations and NIPSCO Operations in this Management's Discussion.

**Other Deductions, Net**

The change in Other deductions, net in 2025 compared to 2024 is primarily driven by higher long-term debt interest in 2025 and lower AFUDC in 2025 driven by lower CWIP outstanding year-over-year. See Note 7, "Short-Term Borrowings," Note 8, "Long-Term Debt," Note 22, "Other, Net," and Note 23, "Interest Expense, Net," in the Notes to Consolidated Financial Statements for additional information.

**Income Taxes**

The increase in income tax expense in 2025 compared to the same period in 2024 is primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

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**NISOURCE INC.**

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued).

**RESULTS AND DISCUSSION OF OPERATIONS**

Presentation of Segment Information

Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations aggregates the results of NIPSCO Holdings I, and its majority-owned subsidiaries, including NIPSCO, which has both regulated gas and electric operations in northern Indiana. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as a reportable 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, unallocated corporate costs and activities and new business development costs associated with GenCo.

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**NI SOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations**

Financial and operational data for the Columbia Operations segment for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31, (in millions)           | 2025              | 2024              | 2023              | Favorable (Unfavorable) |                  |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------------|------------------|
|                                                 |                   |                   |                   | 2025 vs. 2024           | 2024 vs. 2023    |
| <b>Operating Revenues</b>                       | <b>\$ 3,343.3</b> | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 627.3</b>         | <b>\$ (30.1)</b> |
| <b>Operating Expenses</b>                       |                   |                   |                   |                         |                  |
| Cost of energy                                  | 819.8             | 514.7             | 645.0             | (305.1)                 | 130.3            |
| Operation and maintenance                       | 923.7             | 837.5             | 792.3             | (86.2)                  | (45.2)           |
| Depreciation and amortization                   | 451.2             | 409.1             | 371.7             | (42.1)                  | (37.4)           |
| Loss on impairment of assets                    | —                 | 2.7               | —                 | 2.7                     | (2.7)            |
| Loss on sale of assets, net                     | 0.3               | 4.7               | —                 | 4.4                     | (4.7)            |
| Other taxes                                     | 253.2             | 218.6             | 198.8             | (34.6)                  | (19.8)           |
| <b>Total Operating Expenses</b>                 | <b>2,448.2</b>    | <b>1,987.3</b>    | <b>2,007.8</b>    | <b>(460.9)</b>          | <b>20.5</b>      |
| <b>Operating Income</b>                         | <b>\$ 895.1</b>   | <b>\$ 728.7</b>   | <b>\$ 738.3</b>   | <b>\$ 166.4</b>         | <b>\$ (9.6)</b>  |
| <b>Revenues</b>                                 |                   |                   |                   |                         |                  |
| Residential                                     | \$ 2,284.0        | \$ 1,891.5        | \$ 1,882.8        | \$ 392.5                | \$ 8.7           |
| Commercial                                      | 768.0             | 588.4             | 606.2             | 179.6                   | (17.8)           |
| Industrial                                      | 168.8             | 145.2             | 139.5             | 23.6                    | 5.7              |
| Off-System                                      | 75.8              | 42.6              | 60.7              | 33.2                    | (18.1)           |
| Other                                           | 46.7              | 48.3              | 56.9              | (1.6)                   | (8.6)            |
| <b>Total</b>                                    | <b>\$ 3,343.3</b> | <b>\$ 2,716.0</b> | <b>\$ 2,746.1</b> | <b>\$ 627.3</b>         | <b>\$ (30.1)</b> |
| <b>Sales and Transportation (MMDth)</b>         |                   |                   |                   |                         |                  |
| Residential                                     | 180.3             | 153.2             | 155.2             | 27.1                    | (2.0)            |
| Commercial                                      | 138.3             | 121.8             | 120.4             | 16.5                    | 1.4              |
| Industrial                                      | 278.1             | 277.9             | 255.3             | 0.2                     | 22.6             |
| Off-System                                      | 26.1              | 23.8              | 31.8              | 2.3                     | (8.0)            |
| Other                                           | 0.3               | 0.2               | 0.3               | 0.1                     | (0.1)            |
| <b>Total</b>                                    | <b>623.1</b>      | <b>576.9</b>      | <b>563.0</b>      | <b>46.2</b>             | <b>13.9</b>      |
| <b>Heating Degree Days<sup>(1)</sup></b>        | <b>5,170</b>      | <b>4,262</b>      | <b>4,373</b>      | <b>908</b>              | <b>(111)</b>     |
| <b>Normal Heating Degree Days<sup>(1)</sup></b> | <b>5,012</b>      | <b>5,134</b>      | <b>5,137</b>      | <b>(122)</b>            | <b>(3)</b>       |
| <b>% (Warmer) Colder than Normal</b>            | <b>3 %</b>        | <b>(17)%</b>      | <b>(15)%</b>      |                         |                  |
| <b>% (Warmer) Colder than Prior Year</b>        | <b>21 %</b>       | <b>(3)%</b>       | <b>(16)%</b>      |                         |                  |
| <b>Gas Distribution Customers</b>               |                   |                   |                   |                         |                  |
| Residential                                     | 2,237,810         | 2,225,564         | 2,215,293         | 12,246                  | 10,271           |
| Commercial                                      | 189,792           | 188,699           | 188,561           | 1,093                   | 138              |
| Industrial                                      | 1,988             | 1,991             | 1,986             | (3)                     | 5                |
| Other                                           | 5                 | 5                 | 4                 | —                       | 1                |
| <b>Total</b>                                    | <b>2,429,595</b>  | <b>2,416,259</b>  | <b>2,405,844</b>  | <b>13,336</b>           | <b>10,415</b>    |

<sup>(1)</sup> Heating degree figures represent averages of the five jurisdictions served by Columbia Operations.

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2025 to 2024 are presented in the respective tables below.

|                                                                                   | <b>Favorable (Unfavorable)</b> |              |
|-----------------------------------------------------------------------------------|--------------------------------|--------------|
|                                                                                   | <b>2025 vs 2024</b>            |              |
| <b>Changes in Operating Revenues (in millions)</b>                                |                                |              |
| New rates from base rate proceedings and regulatory capital programs              | \$                             | 178.9        |
| The effects of weather in 2025 compared to 2024                                   |                                | 53.9         |
| The effects of customer growth                                                    |                                | 5.8          |
| The effects of customer usage                                                     |                                | (7.5)        |
| Other                                                                             |                                | 1.4          |
| Change in operating revenues (before cost of energy and other tracked items)      | \$                             | 232.5        |
| <b>Operating revenues offset in operating expense</b>                             |                                |              |
| Higher cost of energy billed to customers                                         |                                | 305.2        |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax |                                | 89.6         |
| <b>Total change in operating revenues</b>                                         | <b>\$</b>                      | <b>627.3</b> |

**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 and revenue normalization mechanisms. Our composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Columbia 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.

**Throughput**

The increase in total volumes sold and transported in 2025 compared to 2024 of 46.2 MMDth is primarily attributable to the effects of colder weather.

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Columbia Operations (continued)**

**Commodity Price Impact**

Cost of energy for the Columbia Operations segment is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation services. All of our Columbia Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. These are tracked costs that are passed through directly to the customer, and the gas costs included in revenues are matched with the gas cost expense recorded in the period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income. Certain Columbia 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.

|                                                                                   | <b>Favorable (Unfavorable)</b> |                |
|-----------------------------------------------------------------------------------|--------------------------------|----------------|
| <b>Changes in Operating Expenses (in millions)</b>                                | <b>2025 vs 2024</b>            |                |
| Higher depreciation and amortization expense                                      | \$                             | (42.1)         |
| Higher property tax                                                               |                                | (18.0)         |
| Higher employee related expenses                                                  |                                | (16.0)         |
| Loss on sale of assets and impairments in 2024                                    |                                | 7.4            |
| Other                                                                             |                                | 2.6            |
| Change in operating expenses (before cost of energy and other tracked items)      | \$                             | (66.1)         |
| <b>Operating expenses offset in operating revenue</b>                             |                                |                |
| Higher cost of energy billed to customers                                         |                                | (305.2)        |
| Higher tracker recoveries within operation and maintenance, depreciation, and tax |                                | (89.6)         |
| <b>Total change in operating expense</b>                                          | <b>\$</b>                      | <b>(460.9)</b> |

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**NI SOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations**

Financial and operational data for the NIPSCO Operations segment, which services both gas and electric customers, for the years ended December 31, 2025, 2024 and 2023, are presented below:

| Year Ended December 31, <i>(in millions)</i> | 2025            | 2024            | 2023            | Favorable (Unfavorable) |                 |
|----------------------------------------------|-----------------|-----------------|-----------------|-------------------------|-----------------|
|                                              |                 |                 |                 | 2025 vs. 2024           | 2024 vs. 2023   |
| <b>NIPSCO Operations</b>                     |                 |                 |                 |                         |                 |
| <b>Operating Revenues</b>                    | \$ 3,308.5      | \$ 2,752.0      | \$ 2,771.6      | \$ 556.5                | \$ (19.6)       |
| <b>Operating Expenses</b>                    |                 |                 |                 |                         |                 |
| Cost of energy                               | 764.7           | 617.5           | 888.3           | (147.2)                 | 270.8           |
| Operation and maintenance                    | 848.9           | 761.4           | 787.7           | (87.5)                  | 26.3            |
| Depreciation and amortization                | 680.6           | 590.3           | 493.8           | (90.3)                  | (96.5)          |
| Loss on impairment of assets                 | 0.7             | 0.4             | —               | (0.3)                   | (0.4)           |
| Loss (gain) on sale of assets, net           | —               | (1.7)           | 2.2             | (1.7)                   | 3.9             |
| Other taxes                                  | 75.5            | 64.3            | 57.9            | (11.2)                  | (6.4)           |
| <b>Total Operating Expenses</b>              | <b>2,370.4</b>  | <b>2,032.2</b>  | <b>2,229.9</b>  | <b>(338.2)</b>          | <b>197.7</b>    |
| <b>Operating Income</b>                      | <b>\$ 938.1</b> | <b>\$ 719.8</b> | <b>\$ 541.7</b> | <b>\$ 218.3</b>         | <b>\$ 178.1</b> |

| Year Ended December 31, <i>(in millions)</i> | 2025              | 2024              | 2023              | Favorable (Unfavorable) |                 |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------------|-----------------|
|                                              |                   |                   |                   | 2025 vs. 2024           | 2024 vs. 2023   |
| <b>NIPSCO Electric</b>                       |                   |                   |                   |                         |                 |
| <b>Revenues</b>                              |                   |                   |                   |                         |                 |
| Residential                                  | \$ 771.4          | \$ 649.9          | \$ 583.9          | \$ 121.5                | \$ 66.0         |
| Commercial                                   | 716.8             | 620.4             | 578.1             | 96.4                    | 42.3            |
| Industrial                                   | 581.3             | 500.0             | 475.0             | 81.3                    | 25.0            |
| Wholesale and Other                          | 139.4             | 143.3             | 148.0             | (3.9)                   | (4.7)           |
| <b>Total</b>                                 | <b>\$ 2,208.9</b> | <b>\$ 1,913.6</b> | <b>\$ 1,785.0</b> | <b>\$ 295.3</b>         | <b>\$ 128.6</b> |
| <b>Sales (GWh)</b>                           |                   |                   |                   |                         |                 |
| Residential                                  | 3,498.9           | 3,404.9           | 3,262.9           | 94.0                    | 142.0           |
| Commercial                                   | 3,737.0           | 3,697.9           | 3,614.2           | 39.1                    | 83.7            |
| Industrial                                   | 8,344.8           | 7,984.8           | 7,820.3           | 360.0                   | 164.5           |
| Wholesale and Other                          | 958.1             | 974.9             | 635.3             | (16.8)                  | 339.6           |
| <b>Total</b>                                 | <b>16,538.8</b>   | <b>16,062.5</b>   | <b>15,332.7</b>   | <b>476.3</b>            | <b>729.8</b>    |
| <b>Cooling Degree Days</b>                   | <b>973</b>        | <b>903</b>        | <b>710</b>        | <b>70</b>               | <b>193</b>      |
| <b>Normal Cooling Degree Days</b>            | <b>868</b>        | <b>852</b>        | <b>831</b>        | <b>16</b>               | <b>21</b>       |
| <b>% Warmer (Colder) than Normal</b>         | <b>12 %</b>       | <b>6 %</b>        | <b>(15)%</b>      |                         |                 |
| <b>% Warmer (Colder) than prior year</b>     | <b>8 %</b>        | <b>27 %</b>       | <b>(25)%</b>      |                         |                 |
| <b>NIPSCO Electric Customers</b>             |                   |                   |                   |                         |                 |
| Residential                                  | 433,889           | 430,648           | 427,217           | 3,241                   | 3,431           |
| Commercial                                   | 59,831            | 59,214            | 58,779            | 617                     | 435             |
| Industrial                                   | 2,109             | 2,121             | 2,126             | (12)                    | (5)             |
| Wholesale and other                          | 705               | 707               | 711               | (2)                     | (4)             |
| <b>Total</b>                                 | <b>496,534</b>    | <b>492,690</b>    | <b>488,833</b>    | <b>3,844</b>            | <b>3,857</b>    |



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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations**

| Year Ended December 31, (in millions)    | 2025 |         | 2024 | 2023    | Favorable (Unfavorable) |               |    |       |    |         |
|------------------------------------------|------|---------|------|---------|-------------------------|---------------|----|-------|----|---------|
|                                          |      |         |      |         | 2025 vs. 2024           | 2024 vs. 2023 |    |       |    |         |
| NIPSCO Gas                               |      |         |      |         |                         |               |    |       |    |         |
| Revenues                                 |      |         |      |         |                         |               |    |       |    |         |
| Residential                              | \$   | 712.3   | \$   | 540.9   | \$                      | 634.9         | \$ | 171.4 | \$ | (94.0)  |
| Commercial                               |      | 271.6   |      | 202.4   |                         | 249.1         |    | 69.2  |    | (46.7)  |
| Industrial                               |      | 100.2   |      | 79.0    |                         | 86.9          |    | 21.2  |    | (7.9)   |
| Other                                    |      | 15.5    |      | 16.1    |                         | 15.7          |    | (0.6) |    | 0.4     |
| Total                                    | \$   | 1,099.6 | \$   | 838.4   | \$                      | 986.6         | \$ | 261.2 | \$ | (148.2) |
| Sales and Transportation Volumes (MMDth) |      |         |      |         |                         |               |    |       |    |         |
| Residential                              |      | 66.6    |      | 58.2    |                         | 60.3          |    | 8.4   |    | (2.1)   |
| Commercial                               |      | 47.3    |      | 42.5    |                         | 43.9          |    | 4.8   |    | (1.4)   |
| Industrial                               |      | 267.0   |      | 256.8   |                         | 261.8         |    | 10.2  |    | (5.0)   |
| Total                                    |      | 380.9   |      | 357.5   |                         | 366.0         |    | 23.4  |    | (8.5)   |
| Heating Degree Days                      |      | 5,936   |      | 4,975   |                         | 5,198         |    | 961   |    | (223)   |
| Normal Heating Degree Days               |      | 5,911   |      | 6,001   |                         | 5,954         |    | (90)  |    | 47      |
| % Warmer than Normal                     |      | — %     |      | (17)%   |                         | (13)%         |    |       |    |         |
| % (Warmer) Colder than prior year        |      | 19 %    |      | (4)%    |                         | (15)%         |    |       |    |         |
| NIPSCO Gas Customers                     |      |         |      |         |                         |               |    |       |    |         |
| Residential                              |      | 808,241 |      | 801,740 |                         | 795,656       |    | 6,501 |    | 6,084   |
| Commercial                               |      | 66,957  |      | 66,633  |                         | 66,305        |    | 324   |    | 328     |
| Industrial                               |      | 2,677   |      | 2,734   |                         | 2,808         |    | (57)  |    | (74)    |
| Total                                    |      | 877,875 |      | 871,107 |                         | 864,769       |    | 6,768 |    | 6,338   |

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**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2025 to 2024 are presented in the respective tables below.

|                                                                                                                                | <b>Favorable (Unfavorable)</b> |              |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------|
| <b>Changes in Operating Revenues (in millions)</b>                                                                             | <b>2025 vs 2024</b>            |              |
| New rates from base rate proceedings and regulatory capital and DSM programs                                                   | \$                             | 324.2        |
| The effects of weather in 2025 compared to 2024                                                                                |                                | 48.9         |
| The effects of customer growth                                                                                                 |                                | 12.8         |
| Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss) |                                | (8.6)        |
| The effects of customer usage                                                                                                  |                                | (3.2)        |
| Other                                                                                                                          |                                | (3.8)        |
| Change in operating revenues (before cost of energy and other tracked items)                                                   | \$                             | 370.3        |
| <b>Operating revenues offset in operating expense</b>                                                                          |                                |              |
| Higher cost of energy billed to customers                                                                                      |                                | 147.0        |
| Lower tracker deferrals within operation and maintenance, depreciation and tax                                                 |                                | 40.1         |
| Reduction in gross receipts tax, offset in operating expenses                                                                  |                                | (0.9)        |
| <b>Total change in operating revenues</b>                                                                                      | <b>\$</b>                      | <b>556.5</b> |

Weather

The results of operations for the NIPSCO Operations segment include income from both electric and gas service lines. In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days and normal heating degree days, net of NIPSCO Gas' weather normalization mechanisms. Our composite cooling and heating degree days reported do not directly correlate to the weather-related dollar impact on the results of NIPSCO Operations. Cooling and 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 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 cooling and heating degree day comparison.

Sales

The increase in total volumes sold to electric customers for twelve months ended December 31, 2025 compared to the same period in 2024 was primarily attributable to residential customer growth and increased usage by commercial customers, partially offset by a decrease in usage by industrial customers. NIPSCO Electric results remains closely linked to the performance of the steel industry. MWh sales to steel-related industries accounted for approximately 49.3% and 49.4% of the total industrial MWh sales for the years ended December 31, 2025 and 2024, respectively.

The increase in total volumes sold to gas customers for the twelve months ended December 31, 2025 compared to the same period in 2024 was primarily attributable to colder weather, as well as residential and commercial customer count growth.

Commodity Price Impact

Cost of energy for the NIPSCO Operations segment's electric activities is principally comprised of the cost of coal, natural gas purchased for internal generation of electricity, transportation of coal and natural gas, and the cost of power purchased from generators of electricity for its generation and transmission activities. For its gas distribution activities, NIPSCO Operations' cost of energy is principally comprised of the cost of natural gas procured on behalf of and sold to customers while providing transportation and distribution services. NIPSCO Operations has state-approved recovery mechanisms that provides a means for full recovery of prudently incurred costs of energy. The majority of these costs of energy are passed through directly to the customer, and the costs of energy included in operating revenues are matched with the cost of energy expense recorded in the

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NIPSCO Operations (continued)**

period. Any difference in actual costs incurred and amounts billed to customers is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered fuel and gas cost to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

The underlying reasons for changes in our operating expenses for the twelve months ended December 31, 2025 compared to the same period in 2024 are presented below.

| <b>Changes in Operating Expenses (in millions)</b>                                              | <b>Favorable (Unfavorable)</b> |                |
|-------------------------------------------------------------------------------------------------|--------------------------------|----------------|
|                                                                                                 | <b>2025 vs 2024</b>            |                |
| Higher depreciation and amortization expense                                                    | \$                             | (91.2)         |
| Higher outside services expenses                                                                |                                | (21.1)         |
| Higher expenses related to uncollectible customer accounts                                      |                                | (11.9)         |
| Higher property tax                                                                             |                                | (11.4)         |
| Renewable Joint Venture operating expense, partially offset by Joint Venture operating revenues |                                | (8.6)          |
| Higher employee and administrative expenses                                                     |                                | (6.6)          |
| Lower environmental remediation costs                                                           |                                | 5.0            |
| Other                                                                                           |                                | (6.2)          |
| Change in operating expenses (before cost of energy and other tracked items)                    | \$                             | (152.0)        |
| <b>Operating expenses offset in operating revenue</b>                                           |                                |                |
| Higher cost of energy billed to customers                                                       |                                | (147.0)        |
| Higher tracker deferrals within operation and maintenance, depreciation and tax                 |                                | (40.1)         |
| Reduction in gross receipts tax, offset in operating revenues                                   |                                | 0.9            |
| <b>Total change in operating expense</b>                                                        | <b>\$</b>                      | <b>(338.2)</b> |

**Electric Supply and Generation Transition**

NIPSCO continues to execute on an electric generation transition consistent with the 2018 Plan and 2021 Plan and maintained in the 2024 Plan. See "Liquidity and Capital Resources" in this Management's Discussion for additional information on our capital investment spend. NIPSCO is responding to federal and state executive orders, or other regulatory actions, with respect to its generation transition plans. In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions. Consistent with the Federal Power Act and the U.S. Department of Energy regulations, the order authorizes NIPSCO to obtain cost recovery pursuant to 16 U.S.C. § 824a(c). As directed, NIPSCO continued to make R.M. Schahfer available in the MISO market. Following receipt of the emergency order, NIPSCO filed a complaint at FERC seeking a modification of the MISO Tariff to establish a mechanism for recovery and allocation of the cost to comply with this order. NIPSCO made two filings with the IURC related to the emergency order. The first filing is to confirm accounting treatment of current electric rate order, and the second is a filing for recovery of federally mandated expenses related to the emergency order, which will be utilized in the event that any costs of complying with the emergency order fall outside of the MISO Tariff recovery. For additional information, see Note 12, "Regulatory Matters,".

Since 2020, five PPA projects (three wind and two solar) and eight owned projects (two wind, four solar and two solar plus storage) have been placed into service totaling approximately 3,246 MW of nameplate capacity, including Dunn's Bridge II, Fairbanks, Gibson, Appleseed, and Carpenter, which were placed into service in January, May, August, and December 2025, respectively. 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 has an associated nameplate capacity, and payments under the PPAs do not begin until the associated generation facility is placed into service. We expect the Templeton project, a wind BTA project with a nameplate capacity of 200 MW, to be placed in service in 2027. See "Executive Summary - Energy Transition" in this Management's Discussion for additional information. NIPSCO has sold, and may in the future sell, renewable energy credits from its renewable generation to third parties to offset customer costs.

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**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, the issuance of debt and/or equity, and minority interest investments in NIPSCO Holdings II and Generation Holdings II. Equity issuances are primarily conducted through our ATM program. Additionally, we received proceeds from tax credit transfers associated with the monetization of credits of \$22.4 million and \$23.5 million for the years ended December 31, 2025 and 2024, respectively. External debt financing is provided primarily through the issuance of long-term debt, accounts receivable securitization programs and our \$1.85 billion commercial paper program, which is backstopped by our committed revolving credit facility. In December 2025, we increased our revolving credit facility availability from \$1.85 billion to \$2.50 billion from third-party lenders. We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2026 and beyond.

As discussed above under "ADS Contract and Strategy," the aggregate cost of the Contract Assets is currently estimated to be approximately \$7 billion. We expect to finance the construction and development of these assets through a number of sources including but not limited to funds received under the ADS Contract, debt and equity financing raised by NiSource and capital contributions from affiliates of Blackstone to NIPSCO Holdings II and Generation Holdings II in connection with such Blackstone affiliates' minority interest investments in those entities. For additional information on these minority interest investments, refer to Note 4, "Noncontrolling Interests," and Note 19, "Other Commitments and Contingencies - E. Other Matters," included herein. If we enter into additional data center contracts, we expect that we would need to develop additional generation assets to serve our new data center customers. In order to fund the development of these assets which may be significant, we would be required to obtain significant additional financing, for which we may consider other funding sources, structures, or partnerships such as JVs or off-balance sheet arrangements in the form of BTAs to support maintenance of our investment grade credit ratings.

Sources of financing activities for the current year are as follows:

Details of our 2024 ATM program activity are summarized below:

- In February 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,000,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$40.10 per share. In September 2025, we settled the forward sale agreement in shares for \$80.0 million, based on a net price of \$40.02 per share.
- In March 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,707,320 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.00 per share. In September 2025, we settled the forward sale agreement in shares for \$69.9 million, based on a net price of \$40.92 per share.
- In June 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,518,393 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$39.71 per share. In September 2025, we settled the forward sale agreement in shares for \$99.1 million, based on a net price of \$39.36 per share.
- In October 2025, with the commencement of our 2025 ATM program discussed below, we terminated the equity distribution agreements entered into in February 2024 in connection with the 2024 ATM program.

Details of our 2025 ATM program activity are summarized below:

- In October 2025, we entered into eleven separate equity distribution agreements providing for the sale of up to an aggregate of \$1.5 billion of our common stock.

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**NI SOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

- In October 2025, we executed a direct sale agreement of 1,195,029 shares at a price of \$41.84 resulting in net proceeds of \$49.6 million received in November 2025.
- In October 2025, we executed a forward sale agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,390,057 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.84 per share. We may settle the forward sale agreement in shares, cash or net shares by October 2026. Had we settled all of the shares under the forward sale agreement at December 31, 2025, we would have received approximately \$99.7 million, based on a net price of \$41.73 per share.
- As of December 31, 2025 the 2025 ATM program inclusive of the forward sale agreement had approximately \$1.35 billion of equity capacity available. The 2025 ATM program expires in December 2028.

Details of our 2025 long-term debt activity are summarized below:

- In March 2025, we completed the issuance and sale of \$750.0 million of 5.850% senior unsecured notes maturing in 2055, which resulted in approximately \$739.6 million of net proceeds after discount and debt issuance costs.
- In June 2025, we completed the issuance and sale of an additional \$750.0 million of 5.850% senior unsecured notes maturing in 2055 (the "2055 Notes"). The terms of the 2055 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute a reopening of, our 5.850% senior unsecured notes maturing in 2055 issued in March 2025. With the incremental issuance, we now have \$1.5 billion of 5.850% senior unsecured notes maturing in 2055. In June 2025, we also completed the issuance and sale of \$900.0 million of 5.350% senior unsecured notes maturing in 2035 (the "2035 Notes"). These issuances of the 2055 Notes and the 2035 Notes resulted in approximately \$1.616 billion of total net proceeds after discount and debt issuance costs.
- In August 2025, we repaid \$1,250.0 million of 0.95% senior unsecured notes at maturity.
- In November 2025, we completed the issuance and sale of \$1.0 billion of 5.750% fixed-to-fixed reset rate junior subordinated notes maturing in 2056, which resulted in approximately \$984.3 million of net proceeds after debt issuance costs.
- In December 2025, Columbia of Massachusetts repaid \$10.0 million of 6.430% medium term notes at maturity.

See Note 4, "Noncontrolling Interests," Note 6, "Equity," Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for more information.

Operating Activities

Net cash from operating activities for the year ended December 31, 2025 was \$2,362.3 million, an increase of \$580.8 million from 2024. This increase in cash from operating activities was primarily attributable to higher net income, depreciation expense, deferred taxes, supplier refunds received in 2025 and decreases in current year exchange gas receivables in 2025 compared to 2024.

Investing Activities

Net cash used for investing activities for the year ended December 31, 2025 was \$4,524.1 million, an increase of \$1,311.1 million from 2024. The year over year increase in investing activities was primarily comprised of milestone payments to renewable generation asset developers for certain of our BTA projects, advanced deposits, and additional capital expenditures in 2025 compared to 2024.

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**NI SOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Capital Expenditures.** The table below reflects actual capital expenditures and certain other investing activities by segment for 2025.

| <i>(in millions)</i>                          | <b>Actual<br/>2025</b> |
|-----------------------------------------------|------------------------|
| Columbia Operations                           |                        |
| System Growth and Tracker                     | \$ 825.5               |
| Maintenance                                   | 387.5                  |
| Total Columbia Operations                     | 1,213.0                |
| NIPSCO Operations                             |                        |
| System Growth and Tracker                     | 740.9                  |
| Maintenance                                   | 596.8                  |
| Generation Transition Investments             | 1,171.2                |
| Total NIPSCO Operations                       | 2,508.9                |
| Corporate and Other Operations <sup>(1)</sup> | 329.7                  |
| Total Capital Expenditures <sup>(2)</sup>     | \$ 4,051.6             |

<sup>(1)</sup>Certain amounts may subsequently be allocated out of Corporate and Other Maintenance Costs to the Columbia Operations and NIPSCO Operations segments when placed in service. This amount also includes \$39.7 million related to data center generation assets.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.

In addition to these capital expenditures, we invested \$70.5 million in cloud computing costs in 2025. We also made \$373.8 million in advanced deposits for project costs to secure certain long lead equipment related to data center generation assets.

We expect to make capital investments totaling approximately \$21.0 billion during the 2026-2030 period to support our base business (exclusive of investments relating to the ADS Contract), including capital investments to support our generation transition strategy, and to invest approximately \$7.0 billion during that period to develop the Contract Assets in connection with the ADS Contract, as set forth in the table below. As discussed above, if we enter into additional data center contracts, we expect to make significant further capital investments in addition to those set forth in the table below, and/or to consider alternative financing structures such as JVs or off-balance sheet arrangements. The forecasted capital investments are subject to continuing review and adjustment. Actual capital investments may vary from these estimates.

| <i>(in billions)</i>                        | <b>2025 Actual</b> | <b>2026<br/>Estimated</b> | <b>2027<br/>Estimated</b> | <b>2028<br/>Estimated</b> | <b>2029<br/>Estimated</b> | <b>2030<br/>Estimated</b> |
|---------------------------------------------|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Capital Investments (Base Business)         | \$4.1              | \$3.9 - 4.1               | \$3.7 - 3.9               | \$3.7 - 3.9               | \$4.9 - 5.1               | \$4.3 - 4.5               |
| Capital Investments (Data Center Contracts) | 0.4                | 1.2 - 1.4                 | 1.5 - 1.7                 | 1.8 - 2.0                 | 1.0 - 1.2                 | 0.4 - 0.6                 |
| Capital Investments (Total)                 | \$4.5              | \$5.1 - 5.5               | \$5.2 - 5.6               | \$5.5 - 5.9               | \$5.9 - 6.3               | \$4.7 - 5.1               |

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Regulatory Capital Programs.** We continue to upgrade and modernize our electric system to enhance safety and reliability by addressing aged infrastructure and deploying advanced grid technologies. We are also upgrading and modernizing our gas infrastructure to enhance safety and reliability by reducing leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2025, we continued to move forward on core infrastructure investment programs supported by complementary regulatory and customer initiatives across five 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:

(in millions)

| Company                            | Program          | Capital Investment | Investment Period | Filing Date | Costs Covered <sup>(1)</sup>                                                                                                                                                                            |
|------------------------------------|------------------|--------------------|-------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Approved</b>                    |                  |                    |                   |             |                                                                                                                                                                                                         |
| Columbia of Ohio                   | IRP - 2025       | \$ 978.7           | 4/21-12/24        | 2/27/2025   | Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.                                                                                                   |
| Columbia of Ohio                   | PHMSA IRP - 2025 | \$ 78.2            | 1/23-12/24        | 2/28/2025   | Investments necessary to comply with the PHMSA Mega Rule.                                                                                                                                               |
| Columbia of Ohio                   | CEP - 2025       | \$ 1,027.8         | 4/21-12/24        | 2/27/2025   | Assets not included in the IRP or PHMSA IRP.                                                                                                                                                            |
| Columbia of Virginia               | SAVE - 2026      | \$ 176.1           | 10/24-12/26       | 8/12/2025   | Replacement projects that (i) enhance system safety or reliability, or (ii) reduce, or potentially reduce, greenhouse gas emissions. Includes costs associated with Advanced Leak Detection and Repair. |
| Columbia of Kentucky               | SMRP - 2026      | \$ 181.4           | 1/23-12/26        | 10/15/2025  | Replacement of mains and inclusion of system safety investments.                                                                                                                                        |
| NIPSCO - Electric <sup>(2)</sup>   | TDSIC - 7        | \$ 315.6           | 7/22-3/25         | 5/27/2025   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.                                                                            |
| NIPSCO - Electric <sup>(3)</sup>   | GCT - 2          | \$ 229.5           | 9/23/4/26         | 6/18/2025   | New gas peaker generation project costs forecasted through April 2026.                                                                                                                                  |
| NIPSCO - Gas                       | TDSIC - 9        | \$ 34.0            | 3/24-3/25         | 5/23/2025   | New or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development.                                                                           |
| NIPSCO - Gas                       | FMCA -5          | \$ 21.9            | 6/24-6/25         | 8/27/2025   | Project costs to comply with federal mandates.                                                                                                                                                          |
| <b>Pending Commission Approval</b> |                  |                    |                   |             |                                                                                                                                                                                                         |
| NIPSCO - Gas                       | TDSIC - 10       | \$ 90.3            | 4/25-9/25         | 11/25/2025  | New or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development.                                                                           |
| NIPSCO - Electric <sup>(3)</sup>   | GCT - 3          | \$ 385.6           | 9/23-10/26        | 12/16/2025  | New gas peaker generation project cost forecasted through October 2026.                                                                                                                                 |

<sup>(1)</sup>Programs do not include any costs already included in base rates.

<sup>(2)</sup>TDSIC – 7 was originally filed in May 2025 and refiled in July 2025, due to the electric rate case order. The refiling adjusted the capital in the tracker from \$744.7 million to \$315.6 million.

<sup>(3)</sup>Capital investment is based on a projected amount. The capital investment has not all been incurred to date and represents a forecasted average for the billing period.

Columbia of Ohio filed an application in December 2025. The application seeks to continue Columbia of Ohio's PHMSA IRP Rider for calendar year 2027. The request includes recovery of \$404.3 million of capital to reconfirm maximum allowable operating pressure of transmission class pipe to meet federal rule requirements.

NIPSCO filed a Gas TDSIC Plan (2026 - 2030) in December 2025. The petition is seeking recovery of new or replacement projects undertaken for the purpose of safety, reliability, system modernization, or economic development. The request includes \$764.7 million of estimated capital, including indirect costs and AFUDC.

Refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a further discussion of regulatory developments during 2025.



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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

Financing Activities

**Common Stock, Preferred Stock and Equity Unit Sale.** Refer to Note 6, "Equity," in the Notes to Consolidated Financial Statements for information on common stock, preferred stock and equity units activity.

**Short-term Debt.** Refer to Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

**Long-term Debt.** Refer to Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

**Non-controlling Interest.** Refer to Note 4, "Noncontrolling Interests," in the Notes to Consolidated Financial Statements for more information.

Sources of Liquidity

The following table displays our liquidity position as of December 31, 2025 and 2024:

| Year Ended December 31, (in millions)               | 2025              | 2024              |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Current Liquidity</b>                            |                   |                   |
| Revolving Credit Facility                           | \$ 2,500.0        | \$ 1,850.0        |
| Accounts Receivable Programs <sup>(1)</sup>         | 175.0             | 175.0             |
| <b>Less:</b>                                        |                   |                   |
| Commercial Paper                                    | 736.0             | 604.6             |
| Letters of Credit Outstanding Under Credit Facility | 25.0              | 9.4               |
| <b>Add:</b>                                         |                   |                   |
| Cash and Cash Equivalents                           | 110.1             | 156.6             |
| <b>Net Available Liquidity</b>                      | <b>\$ 2,024.1</b> | <b>\$ 1,567.6</b> |

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

**Debt Covenants.** We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

**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 NIPSCO's credit ratings and ratings outlook as of December 31, 2025.

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  |
| 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 ratings or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of December 31, 2025, a collateral requirement of approximately \$150.2 million would be required in the event of a downgrade below investment grade. 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.



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**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Equity.** Our authorized capital stock consists of 770,000,000 shares, \$0.01 par value, of which 750,000,000 are common stock and 20,000,000 are preferred stock. As of December 31, 2025, 478,432,058 shares of common stock were outstanding and no shares of preferred stock were outstanding. For more information regarding our common and preferred stock, see Note 6, "Equity," in the Notes to Consolidated Financial Statements.

**Contractual Obligations, Cash Requirements and Off-Balance Sheet Arrangements**

We have certain contractual obligations requiring payments at specified periods. Our material cash requirements are detailed below. We intend to use funds from the liquidity sources referenced above to meet these cash requirements.

At December 31, 2025, we had \$15,477.5 million in long-term debt, of which \$19.7 million is current, and \$736.0 million in short-term borrowings outstanding.

During 2026 and 2027, we expect to make cash payments of \$809.5 million and \$879.3 million, respectively, related to pipeline service obligations including demand for gas transportation, gas storage and gas purchases, and \$87.6 million and \$10.4 million, respectively, for long lead time items related to plant equipment purchases.

Our expected payments include employer contributions to pension and other postretirement benefits plans expected to be made in 2026. Plan contributions beyond 2026 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2026, we expect to make contributions of approximately \$2.7 million to our pension plans and approximately \$18.3 million to our postretirement medical and life plans. Refer to Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to asset retirement obligations on the Consolidated Balance Sheets.

We have uncertain income tax positions for which we are unable to predict when the matters will be resolved. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to Consolidated Financial Statements for additional information.

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

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information regarding our contractual obligations over the next 5 years and thereafter and our off-balance sheet 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**

Our gas and electric subsidiaries have commodity price risk primarily related to the purchases of 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 and does not bear significant exposure to earnings risk, since our current regulatory mechanisms allow recovery of prudently incurred purchased

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**NiSOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. These changes are included in the GCA and FAC regulatory rate-recovery mechanisms. If these mechanisms were to be adjusted or eliminated, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. For additional information, see "Results and Discussion of Operations" in this Management's Discussion.

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 13, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2025 and 2024.

**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, and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$8.2 million and \$7.9 million for 2025 and 2024, 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 long-term debt issuances. From time to time, we may enter into forward interest rate instruments to lock in long term interest costs and/or rates.

**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 Management Policy which establishes guidelines for documenting management approval levels for credit limits, evaluating 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.

The financial status of our banking partners is periodically assessed through traditional credit ratings provided by major credit rating agencies.

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**NISOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**Other Information**

**Critical Accounting Estimates**

We apply certain accounting policies in accordance with GAAP, which require that we make estimates and judgments that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe the following represent the more significant items requiring the use of judgment in preparing our Consolidated Financial Statements:

***Basis of Accounting for Rate-Regulated Subsidiaries.*** ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be billed and collected. Accordingly, certain expenses and credits subject to utility regulation or rate determination normally reflected in income may be deferred on the Consolidated Balance Sheets and recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. For additional information, refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. If we determine that the amounts included as regulatory assets are no longer probable of recovery, a charge to income would immediately be required to the extent of the unrecoverable amounts.

One of the more significant items recorded through the application of this accounting guidance is the regulatory overlay for JV accounting. The application of HLBV to consolidated VIEs generally results in the recognition of profit from the related JVs over a time frame that is different from when the regulatory return is earned. In accordance with the principles of ASC 980, we have recognized a regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. For additional information, refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," in the Notes to Consolidated Financial Statements.

***Pension and Postretirement Benefits.*** We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

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**NiSource Inc.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. For measurement of 2025 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.30% and 7.09% for our pension and other postretirement benefit plan assets, respectively. For measurement of 2026 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.13 % and 6.61% respectively, for our pension and other postretirement benefit plan assets.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

We utilize a full yield curve approach to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements.

Typically, we use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations. We adopted Aon's U.S. Endemic Mortality Improvement scale MP-2021, accounting for both the near-term and long-term COVID-19 impacts.

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

| Change in Assumptions (in millions)      | Impact on December 31, 2025 Projected Benefit Obligation Increase/(Decrease) |                               |
|------------------------------------------|------------------------------------------------------------------------------|-------------------------------|
|                                          | Pension Benefits                                                             | Other Postretirement Benefits |
| +50 basis points change in discount rate | \$ (43.8)                                                                    | \$ (16.9)                     |
| -50 basis points change in discount rate | 47.1                                                                         | 18.3                          |

| Change in Assumptions (in millions)                                         | Impact on 2025 Expense Increase/(Decrease) <sup>(1)</sup> |                               |
|-----------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
|                                                                             | Pension Benefits                                          | Other Postretirement Benefits |
| +50 basis points change in discount rate                                    | \$ (1.3)                                                  | \$ 0.1                        |
| -50 basis points change in discount rate                                    | 1.4                                                       | 0.3                           |
| +50 basis points change in expected long-term rate of return on plan assets | (6.3)                                                     | (1.2)                         |
| -50 basis points change in expected long-term rate of return on plan assets | 6.3                                                       | 1.2                           |

<sup>(1)</sup>Before labor capitalization and regulatory deferrals.

**Goodwill and Other Intangible Assets.** We have six goodwill reporting units, comprised of the six state operating companies within both the Columbia Operations and NIPSCO Operations reportable segments. Our goodwill assets at December 31, 2025 were \$1,485.9 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2025. A qualitative ("step 0") test was completed on May 1, 2025 for all reporting units. In the Step 0 analysis, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the applicable reporting units as compared to the baseline "step 1" fair value measurement performed May 1, 2024.

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**NI SOURCE INC.**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

The results of this assessment indicated that it was more likely than not that the estimated fair value of the reporting units substantially exceeded the related carrying values of our reporting units; therefore, no "step 1" analysis was required and no impairment charges were indicated. Since the annual evaluation, there have been no indications that the fair values of the goodwill reporting units have decreased below the carrying values.

As noted above, application of the qualitative goodwill impairment test requires evaluating various events and circumstances to determine whether it is not more likely than not that the fair value of a reporting unit is less than its carrying amount. Although we believe all relevant factors were considered in the qualitative impairment analysis to reach the conclusion that goodwill is not impaired, significant changes in any one of the assumptions could potentially result in the recording of an impairment that could have significant impacts on the Consolidated Financial Statements.

See Note 10, "Goodwill," in the Notes to Consolidated Financial Statements for information regarding our 2025 analyses and assumptions.

**Unbilled Revenue.** We record utility operating revenues when energy is delivered to our customers. However, the determination of energy sales to individual customers is based upon the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and corresponding unbilled revenues are calculated. This unbilled revenue is estimated each month based upon historical usage, customer rates and weather. As of December 31, 2025, we recorded \$465.2 million of customer accounts receivable for unbilled revenue. Significant fluctuations in energy demand for the unbilled period or changes in the composition of customer classes could impact the accuracy of the unbilled revenue estimate. Refer to Note 3, "Revenue Recognition," in the Notes to Consolidated Financial Statements for additional information regarding our significant judgments and estimates related to unbilled revenue recognition.

**Income Taxes.** The consolidated income tax provision and deferred income tax assets and liabilities, as well as any unrecognized tax benefits and valuation allowances, require use of estimates and significant management judgment. Although we believe that current estimates for deferred tax assets and liabilities are reasonable, actual results could differ from these estimates for a variety of reasons, including reasonable projections of taxable income, the ability and intent to implement tax planning strategies if necessary, and interpretations of applicable tax laws and regulations across multiple taxing jurisdictions. Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

We account for uncertain income tax positions using a benefit recognition model with a two-step approach including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. We evaluate each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of tax benefits to be recorded in the consolidated financial statements. At December 31, 2025 and 2024, we had \$21.7 million of unrecognized tax benefits. Changes in these unrecognized tax benefits may result from remeasurement of amounts expected to be realized, settlements with tax authorities and expiration of statutes of limitations.

On a quarterly basis, we evaluate our deferred tax assets by considering current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. Failure to achieve forecasted taxable income or successfully implement tax planning strategies may affect the realization of deferred tax assets. We establish a valuation allowance when we conclude it is more likely than not that all, or a portion, of a deferred tax asset will not be realized in future periods. Significant judgment is required to determine the amount of tax benefits expected to be realized. At December 31, 2025 and 2024, we had established \$14.8 million and \$6.4 million, respectively, of valuation allowances (net of federal benefit) related to federal Section 163(j) interest limitation carryforward and certain state net operating loss carryforwards. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information.

**Recently Issued Accounting Pronouncements**

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Regulatory Matters - Impact of Rate Regulation on the Financial Statements – Refer to Notes 1, 9, and 12 to the financial statements***

***Critical Audit Matter Description***

The Company's primary subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company's subsidiaries' rates are determined and approved in regulatory proceedings based on an analysis of the subsidiaries' costs to provide utility service and a return on, and recovery of, the subsidiaries' investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The respective commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the commission in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the commission will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified the impact of rate regulation, specifically certain regulatory assets and liabilities at the Company's Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc. subsidiaries, as a critical audit matter due to the significant judgments made by management to support its assertions about certain account balances and the significant degree of subjectivity involved in assessing the likelihood of recovery of incurred costs in current or future rates due in part to uncertainty related to future decisions by the rate regulators. This required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities and a significant degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's conclusions.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation related to the uncertainty of future decisions by the rate regulators, specifically the Indiana Utility Regulatory Commission (IURC) and the Public Utilities Commission of Ohio (PUCO), included the following, among others:

- We tested the effectiveness of management's controls over (1) the evaluation of the likelihood of (a) the recovery of costs deferred as regulatory assets in future periods, and (b) regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates; and (2) the evaluation of Hypothetical Liquidation Book Value (HLBV) accounting for the company's renewable facility joint ventures and its impact on the Company's regulatory liability.
- We evaluated Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc.'s disclosures related to the financial statement impacts of rate regulation.
- We read relevant regulatory orders issued by the IURC and PUCO, including regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or a future reduction in rates based on precedents of the commissions' treatment of similar costs under similar circumstances. We evaluated this external information and compared to management's recorded regulatory asset and liability balances for completeness, including the implementation of a new base rate order at Northern Indiana Public Service Company LLC's electric business.
- We inspected minutes of the boards of directors for discussions of changes in legal, regulatory, or business factors which could impact management's conclusions with respect to the financial statement impacts of rate regulation.
- For the Northern Indiana Public Service Company LLC's electric base rate case that was approved in 2025, we inspected the order for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned with an emphasis on the generation strategy related to Northern Indiana Public Service Company LLC's R.M. Schahfer and Michigan City Generating Stations. We inspected minutes of the board of directors, regulatory orders, the Department of Energy's



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Order Under Federal Power Act Section 202(c), and other filings with the IURC to identify evidence that may contradict management's assertion regarding probability of abandonment.

- We read the relevant regulatory orders issued by the IURC for the Company's renewable energy investments held within joint ventures. We evaluated the appropriateness of recognizing a regulatory liability for timing differences between the profit allocated under the HLBV accounting method and the allowed earnings included in rates for these joint ventures. We also evaluated the appropriateness of the offset to the regulatory liability recorded in depreciation expense.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 11, 2026

We have served as the Company's auditor since 2002.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED INCOME**

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2025            | 2024            | 2023            |
|------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>Operating Revenues</b>                                              |                 |                 |                 |
| Customer revenues                                                      | \$ 6,522.8      | \$ 5,282.9      | \$ 5,347.8      |
| Other revenues                                                         | 119.4           | 172.2           | 157.6           |
| <b>Total Operating Revenues</b>                                        | <b>6,642.2</b>  | <b>5,455.1</b>  | <b>5,505.4</b>  |
| <b>Operating Expenses</b>                                              |                 |                 |                 |
| Cost of energy                                                         | 1,584.4         | 1,132.2         | 1,533.3         |
| Operation and maintenance                                              | 1,710.2         | 1,515.2         | 1,494.9         |
| Depreciation and amortization                                          | 1,167.6         | 1,043.2         | 908.2           |
| Loss on impairment of assets                                           | 0.7             | 6.1             | —               |
| Loss (gain) on sale of assets, net                                     | (0.1)           | 2.9             | 2.9             |
| Other taxes                                                            | 344.1           | 300.0           | 270.6           |
| <b>Total Operating Expenses</b>                                        | <b>4,806.9</b>  | <b>3,999.6</b>  | <b>4,209.9</b>  |
| <b>Operating Income</b>                                                | <b>1,835.3</b>  | <b>1,455.5</b>  | <b>1,295.5</b>  |
| <b>Other Income (Deductions)</b>                                       |                 |                 |                 |
| Interest expense, net                                                  | (639.0)         | (517.2)         | (489.6)         |
| Other, net                                                             | 20.1            | 64.5            | 8.0             |
| <b>Total Other Deductions, Net</b>                                     | <b>(618.9)</b>  | <b>(452.7)</b>  | <b>(481.6)</b>  |
| <b>Income before Income Taxes</b>                                      | <b>1,216.4</b>  | <b>1,002.8</b>  | <b>813.9</b>    |
| <b>Income Taxes</b>                                                    | <b>203.8</b>    | <b>158.1</b>    | <b>139.5</b>    |
| <b>Net Income</b>                                                      | <b>1,012.6</b>  | <b>844.7</b>    | <b>674.4</b>    |
| Net income (loss) attributable to noncontrolling interest              | 83.1            | 84.3            | (39.9)          |
| <b>Net Income attributable to NiSource</b>                             | <b>929.5</b>    | <b>760.4</b>    | <b>714.3</b>    |
| Preferred dividends                                                    | —               | (6.7)           | (42.8)          |
| Preferred redemption premium                                           | —               | (14.0)          | (9.8)           |
| <b>Net Income Available to Common Shareholders</b>                     | <b>\$ 929.5</b> | <b>\$ 739.7</b> | <b>\$ 661.7</b> |
| <b>Earnings Per Share</b>                                              |                 |                 |                 |
| Basic Earnings Per Share                                               | \$ 1.96         | \$ 1.63         | \$ 1.59         |
| Diluted Earnings Per Share                                             | \$ 1.95         | \$ 1.62         | \$ 1.48         |
| <b>Basic Average Common Shares Outstanding</b>                         | <b>472.9</b>    | <b>454.2</b>    | <b>416.1</b>    |
| <b>Diluted Average Common Shares</b>                                   | <b>474.5</b>    | <b>456.0</b>    | <b>447.9</b>    |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

| Year Ended December 31, <i>(in millions, net of taxes)</i>          | 2025              | 2024            | 2023            |
|---------------------------------------------------------------------|-------------------|-----------------|-----------------|
| Net Income                                                          | \$ 1,012.6        | \$ 844.7        | \$ 674.4        |
| Other comprehensive income:                                         |                   |                 |                 |
| Net unrealized gain on available-for-sale securities <sup>(1)</sup> | 4.1               | 3.3             | 3.9             |
| Net unrealized loss on cash flow hedges <sup>(2)</sup>              | (0.4)             | (0.4)           | (0.2)           |
| Unrecognized pension and OPEB benefit (costs) <sup>(3)</sup>        | 20.5              | 0.3             | (0.2)           |
| Total other comprehensive income                                    | 24.2              | 3.2             | 3.5             |
| <b>Total Comprehensive Income</b>                                   | <b>\$ 1,036.8</b> | <b>\$ 847.9</b> | <b>\$ 677.9</b> |

<sup>(1)</sup> Net unrealized gain on available-for-sale securities, net of \$1.1 million tax expense, \$0.9 million tax expense and \$1.0 million tax expense in 2025, 2024 and 2023, respectively.

<sup>(2)</sup> Net unrealized loss on derivatives qualifying as cash flow hedges, net of \$0.1 million tax benefit, \$0.1 million tax benefit and \$0.1 million tax benefit in 2025, 2024 and 2023, respectively.

<sup>(3)</sup> Unrecognized pension and OPEB benefit (costs), net of \$4.4 million tax expense, \$0.3 million tax expense and \$0.1 million tax benefit in 2025, 2024 and 2023, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**CONSOLIDATED BALANCE SHEETS**

| <i>(in millions)</i>                                                                                                                    | December 31,<br>2025 | December 31, 2024 |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| <b>ASSETS</b>                                                                                                                           |                      |                   |
| <b>Property, Plant and Equipment</b>                                                                                                    |                      |                   |
| Plant                                                                                                                                   | \$ 38,058.8          | \$ 34,152.9       |
| Accumulated depreciation and amortization                                                                                               | (9,370.6)            | (8,699.0)         |
| Net Property, Plant and Equipment <sup>(1)</sup>                                                                                        | 28,688.2             | 25,453.9          |
| <b>Investments and Other Assets</b>                                                                                                     |                      |                   |
| Unconsolidated affiliates                                                                                                               | 8.1                  | 6.5               |
| Available-for-sale debt securities (amortized cost of \$145.8 and \$91.9, allowance for credit losses of \$0.0 and \$0.1, respectively) | 146.1                | 86.7              |
| Other investments                                                                                                                       | 118.6                | 85.5              |
| Total Investments and Other Assets                                                                                                      | 272.8                | 178.7             |
| <b>Current Assets</b>                                                                                                                   |                      |                   |
| Cash and cash equivalents                                                                                                               | 110.1                | 156.6             |
| Restricted cash                                                                                                                         | 25.6                 | 42.0              |
| Accounts receivable                                                                                                                     | 1,238.1              | 987.9             |
| Allowance for credit losses                                                                                                             | (40.6)               | (23.7)            |
| Accounts receivable, net                                                                                                                | 1,197.5              | 964.2             |
| Gas storage                                                                                                                             | 252.0                | 179.6             |
| Materials and supplies, at average cost                                                                                                 | 189.0                | 173.3             |
| Electric production fuel, at average cost                                                                                               | 8.5                  | 36.2              |
| Exchange gas receivable                                                                                                                 | 66.0                 | 45.7              |
| Regulatory assets                                                                                                                       | 274.2                | 319.9             |
| Prepayments                                                                                                                             | 149.3                | 138.5             |
| Other current assets                                                                                                                    | 105.0                | 24.2              |
| Total Current Assets <sup>(1)</sup>                                                                                                     | 2,377.2              | 2,080.2           |
| <b>Other Assets</b>                                                                                                                     |                      |                   |
| Regulatory assets                                                                                                                       | 2,225.2              | 2,157.4           |
| Goodwill                                                                                                                                | 1,485.9              | 1,485.9           |
| Deferred charges and other <sup>(2)</sup>                                                                                               | 809.4                | 432.0             |
| Total Other Assets                                                                                                                      | 4,520.5              | 4,075.3           |
| <b>Total Assets</b>                                                                                                                     | \$ 35,858.7          | \$ 31,788.1       |

<sup>(1)</sup>Includes \$1,312.7 million and \$1,323.8 million in 2025 and 2024, respectively, of net property, plant and equipment assets, \$90.1 million and \$65.0 million in 2025 and 2024, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

<sup>(2)</sup>Includes \$305.4 million in 2025 of advanced deposits of project costs of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSource Inc.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**CONSOLIDATED BALANCE SHEETS**

| <i>(in millions, except share amounts)</i>                                                                                   | <b>December 31,<br/>2025</b> | <b>December 31, 2024</b> |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                        |                              |                          |
| <b>Capitalization</b>                                                                                                        |                              |                          |
| Stockholders' Equity                                                                                                         |                              |                          |
| Common stock - \$0.01 par value, 750,000,000 shares authorized; 478,432,058 and 469,822,472 shares outstanding, respectively | \$ 4.8                       | \$ 4.7                   |
| Treasury stock                                                                                                               | (99.9)                       | (99.9)                   |
| Additional paid-in capital                                                                                                   | 9,866.6                      | 9,521.5                  |
| Retained deficit                                                                                                             | (315.2)                      | (711.7)                  |
| Accumulated other comprehensive loss                                                                                         | (6.2)                        | (30.4)                   |
| Total NiSource Stockholders' Equity                                                                                          | 9,450.1                      | 8,684.2                  |
| Noncontrolling interest in consolidated subsidiaries                                                                         | 2,209.8                      | 1,984.1                  |
| Total Stockholders' Equity                                                                                                   | 11,659.9                     | 10,668.3                 |
| Long-term debt, excluding amounts due within one year                                                                        | 15,457.8                     | 12,074.5                 |
| Total Capitalization                                                                                                         | 27,117.7                     | 22,742.8                 |
| <b>Current Liabilities</b>                                                                                                   |                              |                          |
| Current portion of long-term debt                                                                                            | 19.7                         | 1,281.2                  |
| Short-term borrowings                                                                                                        | 736.0                        | 604.6                    |
| Accounts payable                                                                                                             | 1,124.5                      | 863.1                    |
| Customer deposits and credits                                                                                                | 283.4                        | 268.8                    |
| Taxes accrued                                                                                                                | 228.8                        | 173.4                    |
| Interest accrued                                                                                                             | 206.2                        | 157.0                    |
| Asset retirement obligations                                                                                                 | 55.0                         | 84.6                     |
| Exchange gas payable                                                                                                         | 125.4                        | 91.8                     |
| Regulatory liabilities                                                                                                       | 260.1                        | 150.5                    |
| Accrued compensation and employee benefits                                                                                   | 246.8                        | 268.2                    |
| Other accruals                                                                                                               | 171.5                        | 170.2                    |
| Total Current Liabilities <sup>(1)</sup>                                                                                     | 3,457.4                      | 4,113.4                  |
| <b>Other Liabilities</b>                                                                                                     |                              |                          |
| Deferred income taxes                                                                                                        | 2,500.1                      | 2,281.6                  |
| Accrued liability for postretirement and postemployment benefits                                                             | 153.1                        | 207.5                    |
| Regulatory liabilities                                                                                                       | 1,513.3                      | 1,431.2                  |
| Asset retirement obligations                                                                                                 | 781.9                        | 698.6                    |
| Other noncurrent liabilities and deferred credits                                                                            | 335.2                        | 313.0                    |
| Total Other Liabilities <sup>(1)</sup>                                                                                       | 5,283.6                      | 4,931.9                  |
| <b>Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")</b>                               |                              |                          |
| <b>Total Capitalization and Liabilities</b>                                                                                  | <b>\$ 35,858.7</b>           | <b>\$ 31,788.1</b>       |

<sup>(1)</sup>Includes \$56.9 million and \$53.7 million in 2025 and 2024, respectively, of current liabilities, \$55.7 million and \$58.3 million in 2025 and 2024, respectively, of other liabilities, and finance leases of \$40.1 million and \$40.4 million in 2025 and 2024, respectively, of consolidated VIEs that creditors do not have recourse to our general credit. Refer to Note 4, "Noncontrolling Interests," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED CASH FLOWS**

| Year Ended December 31, (in millions)                                      | 2025             | 2024             | 2023              |
|----------------------------------------------------------------------------|------------------|------------------|-------------------|
| <b>Operating Activities</b>                                                |                  |                  |                   |
| Net Income                                                                 | \$ 1,012.6       | \$ 844.7         | \$ 674.4          |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: |                  |                  |                   |
| Depreciation and amortization                                              | 1,167.6          | 1,043.2          | 908.2             |
| Deferred income taxes and investment tax credits                           | 235.8            | 168.0            | 134.1             |
| Stock compensation expense and 401(k) profit sharing contribution          | 50.9             | 43.6             | 33.5              |
| Payments for asset retirement obligations                                  | (73.0)           | (72.5)           | (41.6)            |
| Other adjustments                                                          | 24.8             | (49.9)           | (15.0)            |
| Changes in Assets and Liabilities:                                         |                  |                  |                   |
| Accounts receivable                                                        | (273.4)          | (101.5)          | 184.1             |
| Gas storage and other inventories                                          | (60.3)           | 102.0            | 233.9             |
| Accounts payable                                                           | 131.8            | 71.5             | (171.8)           |
| Exchange gas receivable/payable                                            | 135.8            | (133.5)          | 126.5             |
| Other accruals                                                             | 67.9             | 9.5              | (102.9)           |
| Prepayments and other current assets                                       | (37.3)           | (75.9)           | 36.7              |
| Regulatory assets/liabilities                                              | 55.7             | (8.7)            | (26.2)            |
| Postretirement and postemployment benefits                                 | (46.1)           | (64.3)           | (22.0)            |
| Deferred charges and other noncurrent assets                               | (33.5)           | (20.8)           | (10.1)            |
| Other noncurrent liabilities and deferred credits                          | 3.0              | 26.1             | (6.7)             |
| <b>Net Cash Flows from Operating Activities</b>                            | <b>2,362.3</b>   | <b>1,781.5</b>   | <b>1,935.1</b>    |
| <b>Investing Activities</b>                                                |                  |                  |                   |
| Capital expenditures                                                       | (2,782.3)        | (2,614.0)        | (2,645.8)         |
| Cost of removal                                                            | (188.3)          | (166.8)          | (160.8)           |
| Purchases of available-for-sale securities                                 | (93.9)           | (17.8)           | (42.8)            |
| Sales of available-for-sale securities                                     | 39.3             | 93.2             | 39.9              |
| Milestone and final payments to renewable generation asset developers      | (1,098.7)        | (482.0)          | (761.4)           |
| Advanced deposits for project costs                                        | (373.8)          | (29.0)           | —                 |
| Other investing activities                                                 | (26.4)           | 3.4              | (0.7)             |
| <b>Net Cash Flows used for Investing Activities</b>                        | <b>(4,524.1)</b> | <b>(3,213.0)</b> | <b>(3,571.6)</b>  |
| <b>Financing Activities</b>                                                |                  |                  |                   |
| Proceeds from issuance of long-term debt                                   | 3,352.0          | 2,229.5          | 1,488.7           |
| Repayments of finance lease obligations                                    | (22.0)           | (25.6)           | (33.1)            |
| Repayments of long-term debt                                               | (1,260.0)        | —                | —                 |
| Repayment of short term credit agreements                                  | —                | (1,650.0)        | —                 |
| Issuance of short term credit agreements                                   | —                | —                | 650.0             |
| Net change in commercial paper and other short-term borrowings             | 131.4            | (794.0)          | 636.4             |
| Issuance of common stock, net of issuance costs                            | 312.1            | 612.6            | 12.9              |
| Redemption of preferred stock                                              | —                | (486.1)          | (393.9)           |
| Preferred stock redemption premium                                         | —                | (14.0)           | (6.2)             |
| Payment of obligation to renewable generation asset developer              | —                | —                | (347.2)           |
| Equity costs, premiums and other debt related costs                        | (26.8)           | (67.3)           | (30.2)            |
| Contributions from NIPSCO and GenCo minority interest holders              | 231.4            | 99.5             | 2,161.9           |
| Distributions to NIPSCO minority interest holders                          | (74.6)           | (50.3)           | —                 |
| Contributions from tax equity partners                                     | —                | —                | 240.9             |
| Distributions to tax equity partners                                       | (14.2)           | (16.1)           | (14.1)            |
| Dividends paid - common stock                                              | (530.4)          | (481.0)          | (413.5)           |
| Dividends paid - preferred stock                                           | —                | (8.2)            | (43.8)            |
| Contract liability payment                                                 | —                | —                | (66.6)            |
| <b>Net Cash Flows (used for) from Financing Activities</b>                 | <b>2,098.9</b>   | <b>(651.0)</b>   | <b>3,842.2</b>    |
| Change in cash, cash equivalents and restricted cash                       | (62.9)           | (2,082.5)        | 2,205.7           |
| Cash, cash equivalents and restricted cash at beginning of period          | 198.6            | 2,281.1          | 75.4              |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>         | <b>\$ 135.7</b>  | <b>\$ 198.6</b>  | <b>\$ 2,281.1</b> |
| <b>Reconciliation to Balance Sheet</b>                                     | <b>2025</b>      | <b>2024</b>      | <b>2023</b>       |
| Cash and cash equivalents                                                  | 110.1            | 156.6            | 2,245.4           |
| Restricted cash                                                            | 25.6             | 42.0             | 35.7              |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b>                    | <b>135.7</b>     | <b>198.6</b>     | <b>2,281.1</b>    |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSource INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY**

| <i>(in millions)</i>                                      | Common<br>Stock | Preferred<br>Stock <sup>(1)</sup> | Treasury<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Noncontrolling<br>Interest in<br>Consolidated<br>Subsidiaries | Total       |
|-----------------------------------------------------------|-----------------|-----------------------------------|-------------------|----------------------------------|---------------------|-----------------------------------------------|---------------------------------------------------------------|-------------|
| <b>Balance as of December 31, 2022</b>                    | \$ 4.2          | \$ 1,546.5                        | \$ (99.9)         | \$ 7,375.3                       | \$ (1,213.6)        | \$ (37.1)                                     | \$ 326.4                                                      | \$ 7,901.8  |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income (Loss)                                         | —               | —                                 | —                 | —                                | 714.3               | —                                             | (39.9)                                                        | 674.4       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.5                                           | —                                                             | 3.5         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.00 per share)                           | —               | —                                 | —                 | —                                | (414.1)             | —                                             | —                                                             | (414.1)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (43.8)              | —                                             | —                                                             | (43.8)      |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Issuance of noncontrolling interests <sup>(2)</sup>       | —               | —                                 | —                 | 809.6                            | —                   | —                                             | 1,361.1                                                       | 2,170.7     |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 233.2                                                         | 233.2       |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (14.1)                                                        | (14.1)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Equity Units                                              | 0.3             | (666.5)                           | —                 | 666.2                            | —                   | —                                             | —                                                             | —           |
| Series A Preferred stock redemption                       | —               | (393.9)                           | —                 | —                                | —                   | —                                             | —                                                             | (393.9)     |
| Series A Preferred stock redemption premium               | —               | —                                 | —                 | —                                | (9.8)               | —                                             | —                                                             | (9.8)       |
| Employee stock purchase plan                              | —               | —                                 | —                 | 5.9                              | —                   | —                                             | —                                                             | 5.9         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 12.6                             | —                   | —                                             | —                                                             | 12.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.9                              | —                   | —                                             | —                                                             | 9.9         |
| <b>Balance as of December 31, 2023</b>                    | \$ 4.5          | \$ 486.1                          | \$ (99.9)         | \$ 8,879.5                       | \$ (967.0)          | \$ (33.6)                                     | \$ 1,866.7                                                    | \$ 10,136.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 760.4               | —                                             | 84.3                                                          | 844.7       |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 3.2                                           | —                                                             | 3.2         |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.06 per share)                           | —               | —                                 | —                 | —                                | (483.0)             | —                                             | —                                                             | (483.0)     |
| Preferred stock (See Note 6)                              | —               | —                                 | —                 | —                                | (8.1)               | —                                             | —                                                             | (8.1)       |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 99.5                                                          | 99.5        |
| Distributions to noncontrolling interest                  | —               | —                                 | —                 | —                                | —                   | —                                             | (66.4)                                                        | (66.4)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Series B and B-1 Preferred stock redemption               | —               | (486.1)                           | —                 | —                                | —                   | —                                             | —                                                             | (486.1)     |
| Series B and B-1 Preferred stock redemption premium       | —               | —                                 | —                 | —                                | (14.0)              | —                                             | —                                                             | (14.0)      |
| Employee stock purchase plan                              | —               | —                                 | —                 | 6.4                              | —                   | —                                             | —                                                             | 6.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 26.6                             | —                   | —                                             | —                                                             | 26.6        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.2                              | —                   | —                                             | —                                                             | 9.2         |
| ATM Program                                               | 0.2             | —                                 | —                 | 599.8                            | —                   | —                                             | —                                                             | 600.0       |
| <b>Balance as of December 31, 2024</b>                    | \$ 4.7          | \$ —                              | \$ (99.9)         | \$ 9,521.5                       | \$ (711.7)          | \$ (30.4)                                     | \$ 1,984.1                                                    | \$ 10,668.3 |
| Comprehensive Income:                                     |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Net Income                                                | —               | —                                 | —                 | —                                | 929.5               | —                                             | 83.1                                                          | 1,012.6     |
| Other comprehensive income, net of tax                    | —               | —                                 | —                 | —                                | —                   | 24.2                                          | —                                                             | 24.2        |
| Dividends:                                                |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Common stock (\$1.12 per share)                           | —               | —                                 | —                 | —                                | (533.0)             | —                                             | —                                                             | (533.0)     |
| Noncontrolling Interests:                                 |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Contributions from noncontrolling interest <sup>(3)</sup> | —               | —                                 | —                 | —                                | —                   | —                                             | 231.4                                                         | 231.4       |
| Distributions to noncontrolling interests                 | —               | —                                 | —                 | —                                | —                   | —                                             | (88.8)                                                        | (88.8)      |
| Stock issuances (redemptions):                            |                 |                                   |                   |                                  |                     |                                               |                                                               |             |
| Employee stock purchase plan                              | —               | —                                 | —                 | 7.4                              | —                   | —                                             | —                                                             | 7.4         |
| Long-term incentive plan                                  | —               | —                                 | —                 | 30.2                             | —                   | —                                             | —                                                             | 30.2        |
| 401(k) and profit sharing                                 | —               | —                                 | —                 | 9.4                              | —                   | —                                             | —                                                             | 9.4         |
| ATM Program                                               | 0.1             | —                                 | —                 | 298.1                            | —                   | —                                             | —                                                             | 298.2       |
| <b>Balance as of December 31, 2025</b>                    | \$ 4.8          | \$ —                              | \$ (99.9)         | \$ 9,866.6                       | \$ (315.2)          | \$ (6.2)                                      | \$ 2,209.8                                                    | \$ 11,659.9 |

<sup>(1)</sup> Series A, Series B and Series C shares had an aggregate liquidation preference of \$400M, \$500M and \$863M, respectively.

<sup>(2)</sup> Relates to the NIPSCO Minority Interest Transaction. See Note 4, "Noncontrolling Interests," for additional discussion.

<sup>(3)</sup> Contributions from NIPSCO and GenCo (starting in 2025) minority interest holders included in noncontrolling interest is net of transaction costs.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (continued)**

| <i>(in thousands)</i>                  | Preferred    | Common         |                |                |
|----------------------------------------|--------------|----------------|----------------|----------------|
|                                        | Shares       | Shares         | Treasury       | Outstanding    |
| <b>Balance as of December 31, 2022</b> | <b>1,303</b> | <b>416,106</b> | <b>(3,963)</b> | <b>412,143</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 216            | —              | 216            |
| Long-term incentive plan               | —            | 758            | —              | 758            |
| 401(k) and profit sharing plan         | —            | 366            | —              | 366            |
| Equity Units <sup>(1)</sup>            | —            | 33,899         | —              | 33,899         |
| Redeemed:                              |              |                |                |                |
| Equity Units <sup>(1)</sup>            | (863)        | —              | —              | —              |
| Series A Preferred Stock               | (400)        | —              | —              | —              |
| <b>Balance as of December 31, 2023</b> | <b>40</b>    | <b>451,345</b> | <b>(3,963)</b> | <b>447,382</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 218            | —              | 218            |
| Long-term incentive plan               | —            | 769            | —              | 769            |
| 401(k) and profit sharing plan         | —            | 309            | —              | 309            |
| ATM Program                            | —            | 21,144         | —              | 21,144         |
| Redeemed:                              |              |                |                |                |
| Series B and B-1 Preferred Stock       | (40)         | —              | —              | —              |
| <b>Balance as of December 31, 2024</b> | <b>—</b>     | <b>473,785</b> | <b>(3,963)</b> | <b>469,822</b> |
| Issued:                                |              |                |                |                |
| Employee stock purchase plan           | —            | 186            | —              | 186            |
| Long-term incentive plan               | —            | 772            | —              | 772            |
| 401(k) and profit sharing plan         | —            | 231            | —              | 231            |
| ATM Program                            | —            | 7,421          | —              | 7,421          |
| <b>Balance as of December 31, 2025</b> | <b>—</b>     | <b>482,395</b> | <b>(3,963)</b> | <b>478,432</b> |

<sup>(1)</sup>See Note 6, "Equity," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**1. Nature of Operations and Summary of Significant Accounting Policies**

**A. Company Structure and Principles of Consolidation.** We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.8 million customers in six states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated 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.

**B. Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash, Cash Equivalents and Restricted Cash.** We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trusts to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, and holdbacks related to certain joint venture development agreements which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

**D. Accounts Receivable and Unbilled Revenue.** Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from their last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, weather and reasonable and supportable forecasts. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical collection experience, current market conditions and reasonable and supportable forecasts. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable, including amounts related to unbilled revenues.

**E. Investments in Debt Securities.** Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Available-for-sale debt securities" and "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. At each reporting period these investments are qualitatively and quantitatively assessed to determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. Impairments related to credit loss are recorded through an allowance for credit losses. Impairments that are not related to credit losses are included in other comprehensive income and are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2025, 2024 or 2023. Refer to Note 14, "Fair Value," for additional information.

**F. Basis of Accounting for Rate-Regulated Subsidiaries.** Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be billed and collected. Certain expenses and credits subject to utility regulation or rate determination that would normally be reflected in income for non-regulated entities are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

We continually evaluate whether or not our operations are within the scope of ASC 980 and rate regulations. As part of that analysis, we evaluate probability of recovery for our regulatory assets. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 12, "Regulatory Matters," for additional information.

**G. Plant and Other Property and Related Depreciation and Maintenance.** Property, plant and equipment (principally utility plant) is stated at cost. Our rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties, as approved by the appropriate regulators.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Non-utility property, consisting of renewable generation assets owned by JVs of which we are the primary beneficiary and certain retired regulatory assets described below, is generally depreciated over the life of the associated assets. Refer to Note 9, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies where provided for in rates, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our consolidated pre-tax rate for AFUDC was 3.6% in 2025, 4.8% in 2024 and 3.9% in 2023.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the gross amounts are classified as "Non-Utility and Other" as described in Note 9, "Property, Plant and Equipment." If the asset is no longer operating but still subject to recovery, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

External and internal costs associated with on-premises computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets, with the associated internal-use software capitalized to plant if the we have a contractual right to take possession of the software at any time during the hosting period without significant penalty and it is feasible for us to either run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonably expected to be exercised.

**H. Goodwill and Other Intangible Assets.** Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches. See Note 10, "Goodwill," for additional information.

**I. Accounts Receivable Transfer Programs.** Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2025 and 2024 Consolidated Balance Sheets. When amounts are securitized, the short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 7, "Short-Term Borrowings," for further information.

**J. Gas Cost and Fuel Adjustment Clause.** Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 12, "Regulatory Matters," for additional information.

**K. Gas Storage and Other Inventories.** Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was \$42.5 million and \$43.8 million at December 31, 2025 and 2024, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by \$7.6 million at December 31, 2025 and was less than the stated LIFO cost by \$12.8 million at December 31, 2024. As all LIFO inventory costs are collected from customers through our rate-regulated subsidiaries, no inventory impairment has been recorded. Gas inventory valued using the weighted average cost methodology was \$209.5 million at December 31, 2025 and \$135.8 million at December 31, 2024.

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Materials and supplies are valued using the weighted average cost inventory methodology. Materials and supplies are charged to expense or capitalized to property, plant and equipment when issued.

**L. Accounting for Exchange and Balancing Arrangements of Natural Gas.** Our Columbia Operations and NIPSCO Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under an exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on our Consolidated Balance Sheets, as appropriate.

**M. Accounting for Risk Management Activities.** We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We do not offset the fair value amounts recognized for any of our derivative instruments against the fair value amounts recognized for the right to reclaim cash collateral or obligation to return cash collateral for derivative instruments executed with the same counterparty under a master netting arrangement. See Note 13, "Risk Management Activities," for additional information.

**N. Income Taxes and Investment Tax Credits.** Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits and production tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over a 10 year period and 1 year period, respectively. Furthermore, the tax basis of the asset is reduced by 50% of the ITCs received, resulting in a net deferred tax asset.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries generally file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement under which income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax. Effective January 1, 2024, NIPSCO Accounts Receivable Corporation is no longer included in the consolidated group and now files a separate income tax return.

**O. Pension Remeasurement.** We utilize a third-party actuary for the purpose of performing actuarial valuations of our defined benefit plans. Annually, as of December 31, we perform a remeasurement for our defined benefit plans. Quarterly, we monitor for significant events, and if a significant event is identified, we perform a qualitative and quantitative assessment to determine if the resulting remeasurement would materially impact the NiSource financial statements. If material, an interim remeasurement is performed. See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**P. Environmental Expenditures.** We accrue for costs associated with environmental remediation obligations, including expenditures related to asset retirement obligations and cost of removal, when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other accruals" for short-term portions of these liabilities and "Other noncurrent liabilities and deferred credits" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 11, "Asset Retirement Obligations," and Note 19, "Other Commitments and Contingencies," for further information.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Q. Excise Taxes.** As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense on the Statements of Consolidated Income.

**R. Accrued Insurance Liabilities.** We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information.

**S. Noncontrolling Interest.** We maintain a controlling financial interest in certain of our less than wholly owned subsidiaries. We consolidate these subsidiaries as either voting interest entities or VIEs and present the third-party investors' portion of our net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Consolidated Balance Sheet.

In December 2023, the NIPSCO Minority Interest Transaction closed and a 19.9% equity interest in NIPSCO Holdings II, the sole owner of NIPSCO, was issued to an affiliate of Blackstone. NIPSCO Holdings II does not meet the criteria of a VIE and instead is consolidated under the voting interest model in accordance with ASC 810 as we maintain control through a majority interest in NIPSCO Holdings II.

In October 2025, the GenCo Minority Interest Transaction closed and a 19.9% equity interest in Generation Holdings II, the sole owner of GenCo, was issued to affiliates of Blackstone. Generation Holdings II meets the criteria of a VIE and is consolidated in accordance with ASC 810 as we control the decisions that are significant to the VIE's ongoing operations and economic results (i.e., we are the primary beneficiary).

Refer to Note 4, "Noncontrolling Interests," for further discussion on the NIPSCO Minority Interest Transaction and GenCo Minority Interest Transaction.

We fund a portion of our renewable generation assets through JVs with tax equity partners. We consolidate these JVs in accordance with ASC 810 as they are VIEs in which we hold a variable interest, and we control decisions that are significant to the JVs' ongoing operations and economic results (i.e., we are the primary beneficiary).

These JVs are subject to profit sharing arrangements in which the allocation of the JVs' cash distributions and tax benefits to members is based on factors other than members' relative ownership percentages. As such, we utilize the HLBV method to allocate proceeds to each partner at the balance sheet date based on the liquidation provisions of the related JV's operating agreement and adjust the amount of the VIE's net income attributable to us and the noncontrolling tax equity member during the period.

In each reporting period, the application of HLBV to our consolidated VIEs results in a difference between the amount of profit from the consolidated JVs and the amount included in regulated rates. As discussed above in "F. Basis of Accounting for Rate-Regulated Subsidiaries," we are subject to the accounting and reporting requirements of ASC 980. In accordance with these principles, we recognize a regulatory liability or asset for amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The amounts recorded in income will ultimately reflect the amount allowed in regulated rates to recover our investments over the useful life of the projects. The offset to the regulatory liability or asset associated with our renewable investments included in regulated rates is recorded in "Depreciation expense" on the Statements of Consolidated Income.

## **2. Recent Accounting Pronouncements**

### **Recently Issued Accounting Pronouncements**

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This pronouncement updates the guidance on capitalization of internal-use software, including removing the development stages utilized for evaluation of when certain activities are capital eligible. The ASU instead provides that an entity is required to start capitalizing eligible software

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

development costs when (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended, which is referred to as the “probable-to-complete recognition threshold”. This probable-to-complete threshold includes an evaluation of whether there is significant uncertainty associated with the development activities of the software. The ASU is effective for fiscal years beginning after December 15, 2027. We are currently evaluating the impacts this amendment will have on our internal-use software capitalization policy.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). This pronouncement requires disaggregated disclosure of income statement expenses for public business entities. The ASU requires disclosure in tabular format of disaggregation of relevant expense captions presented on the income statement by certain natural expense categories with certain related qualitative disclosures within the notes to the financial statements. The ASU does not change the expense captions an entity presents on the income statement. The ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, as defined in ASU 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). We are currently evaluating the impacts this amendment will have on our required disclosures.

**Recently Adopted Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This pronouncement enhances required income tax disclosures. The pronouncement requires disclosure of specific categories and reconciling items included in the rate reconciliation, disaggregation between federal, state and local income taxes paid, and disclosure of income taxes paid by jurisdictions over a certain threshold. Additionally, the pronouncement eliminates certain required disclosures related to unrecognized tax benefits. We have adopted this ASU on a retrospective basis in the income tax footnote 15, for the year ended December 31, 2025.

**3. Revenue Recognition**

**Customer Revenues.** Substantially all of our revenues are tariff-based. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract, which creates enforceable rights and obligations. Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer deposits and credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage exceeds payments received.

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

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs, subject to reconciliation, and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in "Regulatory assets" or "Regulatory liabilities" on the Consolidated Balance Sheets and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. Distribution revenues are generally considered daily or "at-will" contracts as customers may cancel their service at any time (subject to notification requirements), and revenue generally represents the amount we are entitled to bill customers.

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

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Revenue Disaggregation and Reconciliation.** We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As of January 1, 2024, we have changed our reportable segments from Gas Distribution Operations and Electric Operations to Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. For additional information see Note 21, "Business Segment Information".

The Columbia Operations segment provides regulated natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. The NIPSCO Operations segment provides regulated gas and electric service in northern Indiana for residential, commercial and industrial customers.

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

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Statements of Consolidated Income:

| <i>Year Ended December 31, 2025 (in millions)</i> | Columbia Operations |         | NIPSCO Operations |         | Corporate and Other |     | Total      |
|---------------------------------------------------|---------------------|---------|-------------------|---------|---------------------|-----|------------|
| <b>Gas Distribution</b>                           |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | 2,279.9 | \$                | 708.0   | \$                  | —   | \$ 2,987.9 |
| Commercial                                        |                     | 763.7   |                   | 270.0   |                     | —   | 1,033.7    |
| Industrial                                        |                     | 167.4   |                   | 100.2   |                     | —   | 267.6      |
| Off-system                                        |                     | 75.8    |                   | —       |                     | —   | 75.8       |
| Wholesale                                         |                     | 2.1     |                   | —       |                     | —   | 2.1        |
| Miscellaneous <sup>(1)</sup>                      |                     | 35.9    |                   | 13.5    |                     | —   | 49.4       |
| <b>Subtotal</b>                                   | \$                  | 3,324.8 | \$                | 1,091.7 | \$                  | —   | \$ 4,416.5 |
| <b>Electric Generation and Power Delivery</b>     |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | —       | \$                | 768.4   | \$                  | —   | \$ 768.4   |
| Commercial                                        |                     | —       |                   | 713.9   |                     | —   | 713.9      |
| Industrial                                        |                     | —       |                   | 578.3   |                     | —   | 578.3      |
| Wholesale                                         |                     | —       |                   | 45.1    |                     | —   | 45.1       |
| Public Authority                                  |                     | —       |                   | 9.5     |                     | —   | 9.5        |
| Miscellaneous <sup>(1)</sup>                      |                     | —       |                   | (8.9)   |                     | —   | (8.9)      |
| <b>Subtotal</b>                                   | \$                  | —       | \$                | 2,106.3 | \$                  | —   | \$ 2,106.3 |
| <b>Total Customer Revenues<sup>(2)</sup></b>      |                     | 3,324.8 |                   | 3,198.0 |                     | —   | 6,522.8    |
| <b>Other Revenues<sup>(3)</sup></b>               |                     | 5.2     |                   | 109.3   |                     | 4.9 | 119.4      |
| <b>Total Operating Revenues</b>                   | \$                  | 3,330.0 | \$                | 3,307.3 | \$                  | 4.9 | \$ 6,642.2 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily relate to alternate revenue programs, including weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets. Amounts included in Corporate and Other primarily relate to products and services revenue.



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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, 2024 <i>(in millions)</i> | Columbia Operations | NIPSCO Operations | Corporate and Other | Total      |
|---------------------------------------------------|---------------------|-------------------|---------------------|------------|
| <b>Gas Distribution</b>                           |                     |                   |                     |            |
| Residential                                       | \$ 1,833.8          | \$ 531.4          | \$ —                | \$ 2,365.2 |
| Commercial                                        | 580.3               | 199.2             | —                   | 779.5      |
| Industrial                                        | 144.2               | 79.0              | —                   | 223.2      |
| Off-system                                        | 42.6                | —                 | —                   | 42.6       |
| Wholesale                                         | 1.2                 | —                 | —                   | 1.2        |
| Miscellaneous <sup>(1)</sup>                      | 26.3                | 15.4              | —                   | 41.7       |
| <b>Subtotal</b>                                   | \$ 2,628.4          | \$ 825.0          | \$ —                | \$ 3,453.4 |
| <b>Electric Generation and Power Delivery</b>     |                     |                   |                     |            |
| Residential                                       | —                   | 649.9             | —                   | 649.9      |
| Commercial                                        | —                   | 620.4             | —                   | 620.4      |
| Industrial                                        | —                   | 499.1             | —                   | 499.1      |
| Wholesale                                         | —                   | 38.3              | —                   | 38.3       |
| Public Authority                                  | —                   | 8.1               | —                   | 8.1        |
| Miscellaneous <sup>(1)</sup>                      | —                   | 13.7              | —                   | 13.7       |
| <b>Subtotal</b>                                   | \$ —                | \$ 1,829.5        | \$ —                | \$ 1,829.5 |
| <b>Total Customer Revenues<sup>(2)</sup></b>      | \$ 2,628.4          | \$ 2,654.5        | \$ —                | \$ 5,282.9 |
| <b>Other Revenues<sup>(3)</sup></b>               | 74.8                | 96.5              | 0.9                 | 172.2      |
| <b>Total Operating Revenues</b>                   | \$ 2,703.2          | \$ 2,751.0        | \$ 0.9              | \$ 5,455.1 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings sharing mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily relate to weather normalization adjustment mechanisms, MISO multi-value projects and revenue from non-jurisdictional transmission assets.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, 2023 <i>(in millions)</i> | Columbia Operations |         | NIPSCO Operations |         | Corporate and Other |     | Total      |
|---------------------------------------------------|---------------------|---------|-------------------|---------|---------------------|-----|------------|
| <b>Gas Distribution</b>                           |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | 1,827.5 | \$                | 635.0   | \$                  | —   | \$ 2,462.5 |
| Commercial                                        |                     | 598.9   |                   | 249.0   |                     | —   | 847.9      |
| Industrial                                        |                     | 139.0   |                   | 87.0    |                     | —   | 226.0      |
| Off-system                                        |                     | 60.6    |                   | —       |                     | —   | 60.6       |
| Wholesale                                         |                     | 1.6     |                   | —       |                     | —   | 1.6        |
| Miscellaneous <sup>(1)</sup>                      |                     | 33.4    |                   | 14.8    |                     | —   | 48.2       |
| <b>Subtotal</b>                                   | \$                  | 2,661.0 | \$                | 985.8   | \$                  | —   | \$ 3,646.8 |
| <b>Electric Generation and Power Delivery</b>     |                     |         |                   |         |                     |     |            |
| Residential                                       | \$                  | —       | \$                | 583.9   | \$                  | —   | \$ 583.9   |
| Commercial                                        |                     | —       |                   | 578.1   |                     | —   | 578.1      |
| Industrial                                        |                     | —       |                   | 474.1   |                     | —   | 474.1      |
| Wholesale                                         |                     | —       |                   | 32.0    |                     | —   | 32.0       |
| Public Authority                                  |                     | —       |                   | 11.5    |                     | —   | 11.5       |
| Miscellaneous <sup>(1)</sup>                      |                     | —       |                   | 21.4    |                     | —   | 21.4       |
| <b>Subtotal</b>                                   | \$                  | —       | \$                | 1,701.0 | \$                  | —   | \$ 1,701.0 |
| <b>Total Customer Revenues<sup>(2)</sup></b>      | \$                  | 2,661.0 | \$                | 2,686.8 | \$                  | —   | \$ 5,347.8 |
| <b>Other Revenues<sup>(3)</sup></b>               |                     | 72.9    |                   | 83.9    |                     | 0.8 | 157.6      |
| <b>Total Operating Revenues</b>                   | \$                  | 2,733.9 | \$                | 2,770.7 | \$                  | 0.8 | \$ 5,505.4 |

<sup>(1)</sup>Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to late fees, property rentals, revenue refunds and adjustments.

<sup>(2)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(3)</sup>Amounts included in Columbia Operations primarily related to weather normalization adjustment mechanisms. Amounts included in NIPSCO Operations primarily related to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

**Customer Accounts Receivable.** Accounts receivable on our Consolidated Balance Sheets includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of their 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. A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, primarily from November through March, revenues and receivables from gas sales are more significant than in other months. The opening and closing balances of customer receivables for the year ended December 31, 2025, 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<br>Receivable, Billed (less<br>reserve) | Customer Accounts<br>Receivable, Unbilled (less<br>reserve) |
|---------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|
| Balance as of December 31, 2024 | \$ 525.1                                                  | \$ 408.1                                                    |
| Balance as of December 31, 2025 | 698.8                                                     | 465.2                                                       |

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 collectability. 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



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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

supportable forecasts. Internal and external inputs are used in our credit model including, but not limited to, revenue projections, actual charge-offs data, recoveries data, shut-offs, security deposits and final bill data. We continuously evaluate available information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or following 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 including, but not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and current economic conditions. Bad debt expense for the year ended December 31, 2025 was \$16.5 million higher than the prior year primarily due to increases in aged receivables and anticipated higher delinquencies following colder weather in the fourth quarter.

At each reporting period, we record expected credit losses to an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses as of December 31, 2025 and December 31, 2024, are presented in the tables below:

| <i>(in millions)</i>                         | Columbia Operations | NIPSCO Operations | Corporate and Other | Total   |
|----------------------------------------------|---------------------|-------------------|---------------------|---------|
| <b>Balance as of December 31, 2024</b>       | \$ 9.8              | \$ 13.9           | \$ —                | \$ 23.7 |
| Current period provisions                    | 42.3                | 25.0              | —                   | 67.3    |
| Write-offs charged against allowance         | (50.8)              | (15.0)            | —                   | (65.8)  |
| Recoveries of amounts previously written off | 14.3                | 1.1               | —                   | 15.4    |
| <b>Balance as of December 31, 2025</b>       | \$ 15.6             | \$ 25.0           | \$ —                | \$ 40.6 |

| <i>(in millions)</i>                         | Columbia Operations | NIPSCO Operations | Corporate and Other | Total   |
|----------------------------------------------|---------------------|-------------------|---------------------|---------|
| <b>Balance as of December 31, 2023</b>       | \$ 10.2             | \$ 11.9           | \$ 0.8              | \$ 22.9 |
| Current period provisions                    | 26.7                | 12.1              | —                   | 38.8    |
| Write-offs charged against allowance         | (43.9)              | (11.0)            | (0.8)               | (55.7)  |
| Recoveries of amounts previously written off | 16.8                | 0.9               | —                   | 17.7    |
| <b>Balance as of December 31, 2024</b>       | \$ 9.8              | \$ 13.9           | \$ —                | \$ 23.7 |

**4. Noncontrolling Interests**

Variable Interest Entities.

A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for information on our accounting policy for the VIEs.

NIPSCO is the managing member and operator of two wind JVs, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO is also a managing member and operator of two solar JVs, Indiana Crossroads Solar and Dunns Bridge I, which have a nameplate capacity of 200 MW and 265 MW, respectively. We have determined that these JVs are VIEs. NIPSCO controls decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include 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. NIPSCO and each tax equity partner contributed cash to the respective JV. Once the tax equity partner has earned their negotiated rate of return and the JV has reached a stated contractual date, NIPSCO has the option to purchase the remaining interest in the respective JV from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by each commercially operational JV.

We did not provide any financial or other support for the JVs during the year that was not contractually required.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Our Consolidated Balance Sheets included the following assets and liabilities associated with the JV VIEs.

| <i>(in millions)</i>                | December 31,<br>2025 | December 31,<br>2024 |
|-------------------------------------|----------------------|----------------------|
| Net Property, Plant and Equipment   | \$ 1,273.0           | \$ 1,323.8           |
| Current assets                      | 27.6                 | 65.0                 |
| Total assets <sup>(1)(2)</sup>      | 1,300.6              | 1,388.8              |
| Current liabilities                 | 16.1                 | 53.7                 |
| Asset retirement obligations        | 55.7                 | 58.3                 |
| Finance lease obligations           | 40.1                 | 40.4                 |
| Total liabilities <sup>(1)(2)</sup> | \$ 111.9             | \$ 152.4             |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

<sup>(2)</sup>In addition to the amounts disclosed above there is a de minimis amount of other noncurrent assets and liabilities at Rosewater as of December 31, 2025.

**GenCo Minority Interest Transaction.** In October 2025, NiSource issued a 19.9% equity interest in Generation Holdings II, the sole owner of GenCo, to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, “Blackstone Investor”), in exchange for \$35.2 million in cash contributions to Generation Holdings II through the Generation Holdings II LLC Agreement. Generation Holdings II is the sole owner of GenCo. Generation Holding II is considered a VIE as it passes the variability of its operating results through to its shareholders (Generation Holdings I and Blackstone Investor) and has insufficient equity to finance its activities without additional subordinated financial support. The sole purpose of the VIE is to own and operate GenCo which will acquire and build generation assets and provide capacity and electricity to support data center customers. Generation Holdings II and its wholly owned subsidiary, GenCo, is a consolidated VIE, as we have the power to direct the significant decision-making activities that most impact the ongoing operations and economic performance of the entity (i.e., we are the primary beneficiary) including business development and operating decisions.

The Generation Holdings II LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Generation Holdings II. Specifically, under the terms of the Generation Holdings II LLC Agreement, Blackstone Investor will provide up to \$1.325 billion in additional capital contributions over a seven-year period, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof. Under the Generation Holdings II LLC Agreement, Blackstone Investor is entitled to appoint two directors to the board of directors of Generation Holdings II (the “Board”) so long as Blackstone Investor (together with any approved affiliate) holds at least a 17.5% Percentage Interest (as defined in the Generation Holdings II LLC Agreement). The Board is comprised of seven directors, two appointed by Blackstone Investor and five appointed by NiSource. The Generation Holdings II LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone Investor approval for Generation Holdings II to take certain major actions outside of the normal course of business. In addition, the Generation Holdings II LLC Agreement contains certain terms surrounding transfer rights and other obligations applicable to both Blackstone Investor and NiSource. Under the Generation Holdings II LLC Agreement, Generation Holdings II has agreed that, so long as Blackstone Investor holds a 14.9% or greater percentage interest in Generation Holdings II, Generation Holdings II and/or its subsidiaries and NIPSCO Holdings II and/or its subsidiaries shall be the exclusive vehicles for all power, storage and generation requirements for data center customers within NIPSCO’s service territory. The Generation Holdings II LLC Agreement also establishes that NiSource will be attributed 80.1% of any profit or loss from Generation Holdings II, through its wholly owned subsidiary GenCo, with the Blackstone Investor being attributed the remaining 19.9% of any profit or loss.

For the twelve months ended December 31, 2025, Generation Holdings I contributed \$344.9 million in cash and assets and the Blackstone Investor contributed \$76.9 million in cash to Generation Holdings II. For the twelve months ended December 31, 2025, Generation Holdings I received a distribution of \$35.2 million from Generation Holdings II.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Our Consolidated Balance Sheets included the following assets and liabilities associated with GenCo: | December 31, 2025 |
|------------------------------------------------------------------------------------------------------|-------------------|
| (in millions)                                                                                        |                   |
| Net Property, Plant and Equipment                                                                    | \$ 39.7           |
| Current assets                                                                                       | 62.5              |
| Other assets                                                                                         | 305.4             |
| Total assets <sup>(1)</sup>                                                                          | 407.6             |
| Current liabilities                                                                                  | 40.8              |
| Total liabilities <sup>(1)</sup>                                                                     | \$ 40.8           |

<sup>(1)</sup>The assets of each VIE represent assets of a consolidated VIE that can be used only to settle obligations of the respective consolidated VIE. The creditors of the liabilities of the VIEs do not have recourse to the general credit of the primary beneficiary.

**Voting Interest Entities**

**NIPSCO Minority Interest Transaction.** In December 2023, we consummated the NIPSCO Minority Interest Transaction for a capital contribution of \$2.16 billion in cash. The difference between the \$2.16 billion consideration received and the \$1.36 billion carrying value of the noncontrolling interest claim on net assets was recorded to additional paid-in capital, net of \$54.7 million in transaction costs and a \$63.5 million income tax benefit. We retain a controlling financial interest in NIPSCO Holdings II and its subsidiaries and consolidate their financial results. For the twelve months ending December 31, 2025, we received \$154.4 million of contributions and made \$74.6 million of distributions to our NIPSCO minority interest holders. For the twelve months ending December 31, 2024 we received \$99.5 million of contributions and made \$50.3 million of distributions to our NIPSCO minority interest holders. See Note 19, "Other Commitments and Contingencies - E. Other Matters," for a detailed discussion of the NIPSCO Holdings II LLC Agreement and governance structure.

In October 2025, the members of NIPSCO Holdings II entered into the Amended LLC Agreement, which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by Blackstone Investor by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries.

**5. Earnings Per Share**

The calculations of basic and diluted EPS are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Diluted EPS includes the incremental effects of the various long-term incentive compensation plans and ATM forward sale agreements under the treasury stock method when the impact would be dilutive. For the purposes of determining diluted EPS, for the twelve months ended December 31, 2023, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding using the if-converted method under US GAAP and we assumed share settlement of the remaining purchase contract payment balance from our Equity Units based on the average share price during the period. This method assumes conversion at the beginning of the reporting period, or at time of issuance, if later. The purchase contracts were settled on December 1, 2023. For the purchase contracts, the number of shares of our common stock that would have been issuable at the end of each reporting period prior to the settlement date were reflected in the denominator of our diluted EPS calculation. A numerator adjustment was reflected in the calculation of diluted EPS for interest expense incurred in 2023, net of tax, related to the purchase contracts.

The shares underlying the Series C Mandatory Convertible Preferred Stock included within the Equity Units were contingently convertible as the conversion was contingent on a successful remarketing. Contingently convertible shares where conversion was not tied to a market price trigger were excluded from the calculation of diluted EPS until such time as the contingency had been resolved under the if-converted method. The unsuccessful remarketing resolved the contingency and no shares were reflected in the denominator for the years ended December 31, 2023, for the calculation of diluted EPS.

We began using the two-class method of computing earnings per share in 2023 because we have participating securities in the form of non-vested restricted stock units with a non-forfeitable right to dividend equivalents, for which vesting is predicated solely on the passage of time. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by giving effect to all potential shares of common stock, to the extent they are dilutive. Refer to Note 6, "Equity," for additional information.

The following table presents the calculation of our basic and diluted EPS:

| Year Ended December 31, <i>(in millions, except per share amounts)</i> | 2025     | 2024     | 2023     |
|------------------------------------------------------------------------|----------|----------|----------|
| <b>Numerator:</b>                                                      |          |          |          |
| Net Income Available to Common Shareholders                            | \$ 929.5 | \$ 739.7 | \$ 661.7 |
| Less: Income allocated to participating securities                     | 2.6      | 1.6      | 0.6      |
| Net Income Available to Common Shareholders - Basic                    | \$ 926.9 | \$ 738.1 | \$ 661.1 |
| Add: Dilutive effect of Equity Units                                   | —        | —        | 1.4      |
| Net Income Available to Common Shareholders - Diluted                  | \$ 926.9 | \$ 738.1 | \$ 662.5 |
| <b>Denominator:</b>                                                    |          |          |          |
| Average common shares outstanding - Basic                              | 472.9    | 454.2    | 416.1    |
| Dilutive potential common shares:                                      |          |          |          |
| Equity Units purchase contracts                                        | —        | —        | 29.8     |
| Equity Units purchase contract payment balance                         | —        | —        | 0.9      |
| Shares contingently issuable under employee stock plans                | 1.2      | 0.9      | 0.7      |
| Shares restricted under employee stock plans                           | 0.3      | 0.3      | 0.4      |
| ATM Forward sale agreements                                            | 0.1      | 0.6      | —        |
| Average Common Shares - Diluted                                        | 474.5    | 456.0    | 447.9    |
| <b>Earnings per common share:</b>                                      |          |          |          |
| Basic                                                                  | \$ 1.96  | \$ 1.63  | \$ 1.59  |
| Diluted                                                                | \$ 1.95  | \$ 1.62  | \$ 1.48  |

## 6. Equity

Holders of shares of our common stock are entitled to receive dividends when, as, and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have certain debt covenants that could restrict our ability to pay dividends or potentially limit the amount of dividends we could pay in order to maintain compliance with these covenants. Refer to Note 8, "Long-Term Debt," for more information. As of December 31, 2025, these covenants did not restrict our ability to pay dividends or the amount of dividends that were available to be paid.

There is no preferred stock outstanding as of December 31, 2025.

Common and preferred stock activity for 2025, 2024 and 2023 is described further below.

Details of our 2024 ATM program are summarized below:

- In February 2024, we entered into eight separate equity distribution agreements providing for the sale of up to an aggregate of \$900.0 million of our common stock.
- During 2024, we executed and settled four forward sale agreements. Under these agreements, we issued 21,143,900 shares resulting in net proceeds of \$600.3 million.
- In February 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,000,000 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$40.10 per share. In September 2025, we settled the forward sale agreement in shares for \$80.0 million, based on a net price of \$40.02 per share.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

- In March 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 1,707,320 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.00 per share. In September 2025, we settled the forward sale agreement in shares for \$69.9 million, based on a net price of \$40.92 per share.
- In June 2025, we executed a forward sale agreement, which allowed us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,518,393 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$39.71 per share. In September 2025, we settled the forward sale agreement in shares for \$99.1 million, based on a net price of \$39.36 per share.
- In October 2025, with the commencement of our 2025 ATM program discussed below, we terminated the equity distribution agreements entered into in February 2024 in connection with the 2024 ATM program.

Details of our 2025 ATM program are summarized below:

- In October 2025, we entered into eleven separate equity distribution agreements providing for the sale of up to an aggregate of \$1.5 billion of our common stock.
- In October 2025, we executed a direct sale agreement of 1,195,029 shares at a price of \$41.84 resulting in net proceeds of \$49.6 million received in November 2025.
- In October 2025, we executed a forward sale agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. The forward purchaser under our forward sale agreement borrowed 2,390,057 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$41.84 per share. We may settle the forward sale agreement in shares, cash or net shares by October 2026. Had we settled all the shares under the forward sale agreement at December 31, 2025, we would have received approximately \$99.7 million, based on a net price of \$41.73 per share.
- As of December 31, 2025, the 2025 ATM program inclusive of the forward sale agreement had approximately \$1.35 billion of equity capacity available. The 2025 ATM program expires in December 2028.

**Series A Preferred Stock.** During 2023, there were \$28.25 dividends declared per share for the Series A Preferred Stock. There were no dividends declared per share for the Series A Preferred Stock during 2024 and 2025.

In June 2023, we redeemed all 400,000 outstanding shares of Series A Preferred Stock for a redemption price of \$1,000 per share or \$400.0 million in total.

**Series B and B-1 Preferred Stock.** During 2024 and 2023, dividends declared per share for the Series B Preferred Stock were \$406.25 and \$1,625.0, respectively. There were no dividends declared per share for the Series B Preferred Stock during 2025.

In March 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total. Following the redemption, dividends ceased to accrue on the shares of Series B Preferred Stock, shares of the Series B Preferred Stock and Series B-1 Preferred Stock were no longer deemed outstanding and all rights of the holders of such shares of Series B Preferred Stock and Series B-1 Preferred Stock terminated. In conjunction with the redemption, we recorded a \$14.0 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series B Preferred Stock and Series B-1 Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during the first quarter of 2024. We did not recognize an excise tax liability under the IRA in connection with this redemption as we issued common stock in 2024 in excess of the fair value of the Series B Preferred Stock and Series B-1 Preferred Stock redeemed.

In March 2024, we filed a Certificate of Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series B Preferred Stock and the Certificate of Designations with respect to

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

the Series B-1 Preferred Stock. As a result, the 20,000 shares that were previously designated as Series B Preferred Stock and the 20,000 shares that were previously designated as Series B-1 Preferred Stock were returned to the status of authorized but unissued shares of preferred stock, par value \$0.01 per share, without designation as to series. The Certificate of Elimination does not change the total number of authorized shares of capital stock of NiSource or the total number of authorized shares of preferred stock. We voluntarily delisted the preferred stock from the New York Stock Exchange in March 2024.

**Equity Units.** In December 2023, we issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units. As of December 2023, each holder of Corporate Units was deemed to have automatically delivered to us the related Series C Mandatory Convertible Preferred Stock that were components of the Corporate Units in full satisfaction of such holder's obligations under the related purchase contract, and all 862,500 shares of Series C Mandatory Convertible Preferred Stock were returned to the status of authorized but unissued preferred stock, par value of \$0.01 per share, without designation as to series. We voluntarily delisted the Corporate Units from the New York Stock Exchange in December 2023.

Refer to Note 5, "Earnings Per Share," for additional information regarding our treatment of the Equity Units for diluted EPS.

**Noncontrolling Interest in Consolidated Subsidiaries.** As of December 31, 2025 and 2024, NIPSCO and tax equity partners have completed their cash contributions into the Indiana Crossroads Wind, Rosewater, Indiana Crossroads Solar and Dunn's Bridge I JVs. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the respective tax equity partners in varying percentages by category and over the life of the partnership. The tax equity partner's contributions, net of these allocations, is represented as a noncontrolling interest within total equity on the Consolidated Balance Sheets. Refer to Note 4, "Noncontrolling Interests," for more information.

In December 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued a 19.9% equity interest in NIPSCO Holdings II LLC to BIP in exchange for a capital contribution of \$2.16 billion in cash. Transaction costs and deferred tax impacts of \$54.7 million and \$63.5 million, respectively, were recorded during the period ending December 31, 2023. Refer to Note 4, "Noncontrolling Interests," Note 15, "Income Taxes," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to the Consolidated Financial Statements for more information on this transaction.

In October 2025, NiSource issued a 19.9% direct equity interest in NiSource's wholly-owned subsidiary Generation Holdings II to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million. In October 2025, simultaneously with issuance of the 19.9% equity interest in Generation Holdings II, Blackstone Investor, Generation Holdings I, Generation Holdings II and NiSource entered into Generation Holdings II LLC Agreement. Refer to Note 4, "Noncontrolling Interests," and Note 19, "Other Commitments and Contingencies - E. Other Matters," for more information.

## 7. 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.

**Revolving Credit Facility.** We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, the issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a facility limit of \$2.50 billion and is comprised of a syndicate of banks. In December 2025, we extended the termination date of our revolving credit facility to December 2030 and increased our facility limit from \$1.85 billion to \$2.50 billion. At December 31, 2025 and 2024, we had no outstanding borrowings under this facility.

**Commercial Paper Program.** In February 2024, we increased our program limit from \$1.50 billion to \$1.85 billion. We had \$736.0 million and \$604.6 million of commercial paper outstanding with weighted-average interest rates of 3.92% and 4.73% as of December 31, 2025 and 2024, respectively.

**Accounts Receivable Transfer Programs.** 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 consolidated special purpose entities. The three agreements expire between May 2026 and October 2026 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.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. As of December 31, 2025, the maximum amount we could borrow related to our accounts receivable programs is \$175.0 million.

We had no short-term borrowings related to the securitization transactions as of December 31, 2025 and 2024, respectively.

For the year ended December 31, 2025 and 2024, zero and \$337.6 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the accounts receivable transfer programs, we pay used facility fees for amounts borrowed, unused commitment fees for amounts not borrowed and upfront renewal fees. Fees associated with the securitization transactions were \$1.4 million, \$1.5 million, and \$2.7 million for the years ended December 31, 2025, 2024 and 2023, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting the receivables securitized, and the receivables cannot be transferred to another party. Refer to Note 23, "Interest Expense, Net," for additional information on securitization transaction fees.

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



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued).**

**Notes to Consolidated Financial Statements**

**8. Long-Term Debt**

Our long-term debt as of December 31, 2025 and 2024 is as follows:

| Long-term debt type                            | Maturity as of December 31, 2025 | Weighted average interest rate (%) | Outstanding balance as of December 31, (in millions) |             |
|------------------------------------------------|----------------------------------|------------------------------------|------------------------------------------------------|-------------|
|                                                |                                  |                                    | 2025                                                 | 2024        |
| Senior notes:                                  |                                  |                                    |                                                      |             |
| NiSource                                       | August 2025                      | 0.950 %                            | \$ —                                                 | \$ 1,250.0  |
| NiSource                                       | May 2027                         | 3.490 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | December 2027                    | 6.780 %                            | 3.0                                                  | 3.0         |
| NiSource                                       | March 2028                       | 5.250 %                            | 1,050.0                                              | 1,050.0     |
| NiSource                                       | July 2029                        | 5.200 %                            | 600.0                                                | 600.0       |
| NiSource                                       | September 2029                   | 2.950 %                            | 750.0                                                | 750.0       |
| NiSource                                       | May 2030                         | 3.600 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | February 2031                    | 1.700 %                            | 750.0                                                | 750.0       |
| NiSource                                       | June 2033                        | 5.400 %                            | 450.0                                                | 450.0       |
| NiSource                                       | April 2034                       | 5.350 %                            | 650.0                                                | 650.0       |
| NiSource                                       | July 2035                        | 5.350 %                            | 900.0                                                | —           |
| NiSource                                       | December 2040                    | 6.250 %                            | 152.6                                                | 152.6       |
| NiSource                                       | June 2041                        | 5.950 %                            | 347.4                                                | 347.4       |
| NiSource                                       | February 2042                    | 5.800 %                            | 250.0                                                | 250.0       |
| NiSource                                       | February 2043                    | 5.250 %                            | 500.0                                                | 500.0       |
| NiSource                                       | February 2044                    | 4.800 %                            | 750.0                                                | 750.0       |
| NiSource                                       | February 2045                    | 5.650 %                            | 500.0                                                | 500.0       |
| NiSource                                       | May 2047                         | 4.375 %                            | 1,000.0                                              | 1,000.0     |
| NiSource                                       | March 2048                       | 3.950 %                            | 750.0                                                | 750.0       |
| NiSource                                       | June 2052                        | 5.000 %                            | 350.0                                                | 350.0       |
| NiSource                                       | April 2055                       | 5.850 %                            | 1,500.0                                              | —           |
| Total senior notes                             |                                  |                                    | \$ 13,253.0                                          | \$ 12,103.0 |
| Junior subordinated notes:                     |                                  |                                    |                                                      |             |
| NiSource                                       | November 2054                    | 6.950 %                            | \$ 500.0                                             | \$ 500.0    |
| NiSource                                       | March 2055                       | 6.375 %                            | 500.0                                                | 500.0       |
| NiSource                                       | July 2056                        | 5.750 %                            | 1,000.0                                              | —           |
| Total junior subordinated notes                |                                  |                                    | \$ 2,000.0                                           | \$ 1,000.0  |
| Medium term notes:                             |                                  |                                    |                                                      |             |
| NiSource                                       | May 2027                         | 7.990 %                            | \$ 29.0                                              | \$ 29.0     |
| NIPSCO                                         | June 2027 to August 2027         | 7.644 %                            | 58.0                                                 | 58.0        |
| Columbia of Massachusetts                      | December 2025                    | 6.430 %                            | —                                                    | 10.0        |
| Columbia of Massachusetts                      | February 2028                    | 6.260 %                            | 5.0                                                  | 5.0         |
| Total medium term notes                        |                                  |                                    | \$ 92.0                                              | \$ 102.0    |
| Finance leases:                                |                                  |                                    |                                                      |             |
| NiSource Corporate Services                    | January 2026 to September 2027   | 4.350 %                            | \$ 5.0                                               | \$ 14.6     |
| NIPSCO                                         | December 2027 to December 2063   | 5.480 %                            | 165.5                                                | 124.3       |
| Columbia of Ohio                               | December 2035 to March 2052      | 6.110 %                            | 81.7                                                 | 85.6        |
| Columbia of Virginia                           | July 2029 to November 2039       | 5.620 %                            | 16.2                                                 | 15.2        |
| Columbia of Kentucky                           | May 2027                         | 5.360 %                            | 0.1                                                  | 0.1         |
| Columbia of Pennsylvania                       | March 2030 to May 2035           | 4.430 %                            | 5.5                                                  | 6.4         |
| Total finance leases                           |                                  |                                    | \$ 274.0                                             | \$ 246.2    |
| Less: Unamortized issuance costs and discounts |                                  |                                    | (141.5)                                              | (95.5)      |
| Less: Current portion of long term debt        |                                  |                                    | (19.7)                                               | (1,281.2)   |
| Total Long-Term Debt                           |                                  |                                    | \$ 15,457.8                                          | \$ 12,074.5 |



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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Details of our 2025 long-term debt activity are summarized below:

- In March 2025, we completed the issuance and sale of \$750.0 million of 5.850% senior unsecured notes maturing in 2055, which resulted in approximately \$739.6 million of net proceeds after discount and debt issuance costs.
- In June 2025, we completed the issuance and sale of an additional \$750.0 million of 5.850% senior unsecured notes maturing in 2055 (the "2055 Notes"). The terms of the 2055 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute a reopening of, our 5.850% senior unsecured notes maturing in 2055 issued in March, 2025. With the incremental issuance, we now have \$1.5 billion of 5.850% senior unsecured notes maturing in 2055. In June 2025, we also completed the issuance and sale of \$900.0 million of 5.350% senior unsecured notes maturing in 2035 (the "2035 Notes"). The issuances of the 2055 Notes and the 2035 Notes in June, 2025 resulted in approximately \$1.616 billion of total net proceeds after discount and debt issuance costs.
- In August 2025, we repaid \$1,250.0 million of 0.95% senior unsecured notes at maturity.
- In November 2025, we completed the issuance and sale of \$1.0 billion of 5.750% fixed-to-fixed reset rate junior subordinated notes maturing in 2056, which resulted in approximately \$984.3 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including November 2025 to, but excluding, July 2031 at a rate of 5.75% per annum and (ii) from and including July 2031, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in November 2025) as of the then most recent reset interest determination date plus a spread of 2.035%, to be reset on each reset date; provided that the interest rate during any reset period will not reset below 5.750% per annum. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.
- In December 2025, Columbia of Massachusetts repaid \$10.0 million of 6.430% medium term notes at maturity.

Details of our 2024 long-term debt activity are summarized below:

- In March 2024, we completed the issuance and sale of \$650.0 million of 5.350% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.
- In May 2024, we completed the issuance and sale of \$500.0 million of 6.950% fixed-to-fixed reset rate junior subordinated notes maturing in 2054, which resulted in approximately \$493.4 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including May 2024 to, but excluding, November 2029 at a rate of 6.950% per annum and (ii) from and including November 2029, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in May 2024) as of the then most recent reset interest determination date plus a spread of 2.451%, to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.
- In June 2024, we completed the issuance and sale of \$600.0 million of 5.200% senior unsecured notes maturing in 2029, which resulted in approximately \$593.7 million of net proceeds after discount and debt issuance costs.
- In September 2024, we completed the issuance and sale of \$500.0 million of 6.375% fixed-to-fixed reset rate junior subordinated notes maturing in 2055, which resulted in approximately \$493.6 million of net proceeds after debt issuance costs. The subordinated notes bear interest (i) from and including September 2024 to, but excluding, March 2035 at a rate of 6.375% per annum and (ii) from and including March 2035, during each five-year reset period at a rate per annum equal to the five-year U.S. treasury rate (determined as described in the prospectus supplement filed with the SEC in September 2024) as of the then most recent reset interest determination date plus a spread of 2.527%.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

to be reset on each reset date. At our option, we may redeem some or all of the subordinated notes during specified periods, and upon the occurrence of certain ratings or tax events, all as described in the prospectus supplement. In accordance with terms of the subordinated notes, we have the right, from time to time, to defer the payment of interest on the outstanding subordinated notes on one or more occasions for up to ten consecutive years. In the event that we were to exercise such right to defer interest on the subordinated notes, we would not be able to pay cash dividends on the common stock during the periods in which such payments were deferred.

See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2025.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2025, the ratio was 51.0%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$500 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 15% of our consolidated total assets as of the last day of our fiscal year then most recently ended for which financial statements have been delivered. Additionally, the revolving credit facility requires us to own directly or indirectly at least 70% of NIPSCO. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of \$100.0 million or more.

Our indentures generally do not contain any financial maintenance covenants. However, our indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5.0 million to \$50.0 million, and limitations on the incurrence of liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of our consolidated net tangible assets.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**9. Property, Plant and Equipment**

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

| At December 31, (in millions)                          | 2025                | 2024                |
|--------------------------------------------------------|---------------------|---------------------|
| <b>Property, Plant and Equipment</b>                   |                     |                     |
| Gas distribution utility                               | \$ 21,509.4         | \$ 20,007.2         |
| Electric utility                                       | 11,420.7            | 8,666.8             |
| Corporate                                              | 236.4               | 248.1               |
| Construction work in process                           | 1,700.7             | 2,084.7             |
| JV renewable generation assets <sup>(1)</sup>          | 1,429.3             | 1,434.2             |
| Non-utility and other                                  | 1,762.3             | 1,711.9             |
| <b>Total Property, Plant and Equipment</b>             | <b>\$ 38,058.8</b>  | <b>\$ 34,152.9</b>  |
| <b>Accumulated Depreciation and Amortization</b>       |                     |                     |
| Gas distribution utility                               | \$ (4,427.3)        | \$ (4,166.8)        |
| Electric utility                                       | (2,987.0)           | (2,707.8)           |
| Corporate                                              | (156.1)             | (163.4)             |
| JV renewable generation assets <sup>(1)</sup>          | (156.3)             | (110.4)             |
| Non-utility and other                                  | (1,643.9)           | (1,550.6)           |
| <b>Total Accumulated Depreciation and Amortization</b> | <b>\$ (9,370.6)</b> | <b>\$ (8,699.0)</b> |
| <b>Net Property, Plant and Equipment</b>               | <b>\$ 28,688.2</b>  | <b>\$ 25,453.9</b>  |

<sup>(1)</sup>These JV renewable generation assets owned and operated by JVs between NIPSCO and unrelated tax equity partners represent Non-Utility Property, are depreciated straight-line over 30 years and are part of our NIPSCO Operations segment. Refer to Note 4, "Noncontrolling Interests," for additional information.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2025, 2024 and 2023 were as follows:

|                     | 2025  | 2024  | 2023  |
|---------------------|-------|-------|-------|
| NIPSCO Operations   | 3.0 % | 3.0 % | 3.0 % |
| Columbia Operations | 2.6 % | 2.6 % | 2.5 % |

We recognized depreciation expense of \$1,008.9 million, \$820.4 million and \$756.9 million for the years ended 2025, 2024 and 2023, respectively. The 2025, 2024 and 2023, depreciation expense includes \$62.4 million, \$58.9 million, and \$12.5 million related to the regulatory deferral of income associated with our JVs. See Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for additional details.

**Amortization of on-premises Software Costs.** We amortized \$76.0 million, \$85.2 million and \$77.5 million in 2025, 2024 and 2023, respectively, related to software recorded as intangible assets. Our unamortized software balance was \$390.3 million and \$236.1 million at December 31, 2025 and 2024, respectively.

**Amortization of Cloud Computing Costs.** We amortized \$27.0 million, \$17.7 million and \$12.6 million in 2025, 2024 and 2023, respectively, related to cloud computing costs to "Operation and maintenance" expense. Our unamortized cloud computing balance was \$165.1 million and \$77.5 million at December 31, 2025 and 2024, respectively.

**10. Goodwill**

The following presents our goodwill balance allocated by segment as of December 31, 2025:

| (in millions) | Columbia Operations | NIPSCO Operations | Total      |
|---------------|---------------------|-------------------|------------|
| Goodwill      | \$ 1,468.1          | \$ 17.8           | \$ 1,485.9 |

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

For our annual goodwill impairment analysis performed as of May 1, 2025, we performed a qualitative "step 0" assessment and determined that it was more likely than not that the estimated fair value of a reporting unit substantially exceeded its carrying value of our reporting unit. For this test, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting unit as compared to its baseline May 1, 2024 "step 1" fair value measurement. There have been no impairments recorded during the periods presented.

**11. Asset Retirement Obligations**

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities (including our JV facilities), certain costs to retire pipeline, removal costs for certain underground storage tanks, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have an obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

During 2025, we continued to evaluate the applicability of revisions to the EPA rule for disposal of CCRs, which was announced in May 2024. As a result, during 2025, we recorded an increase of \$48.9 million based on initial assessments of estimated costs to comply with the EPA rule for certain sites. Additional costs will be recorded if they become probable and estimable. These costs are expected to be recoverable through existing and future depreciation rates. See Note 19, "Other Commitments and Contingencies - D. Environmental Matters," for additional information on the legacy CCR rule.

Changes in our liability for asset retirement obligations for the years 2025 and 2024 are presented in the table below:

| <i>(in millions)</i>                               | 2025     | 2024     |
|----------------------------------------------------|----------|----------|
| Beginning Balance                                  | \$ 783.2 | \$ 553.0 |
| Accretion recorded as a regulatory asset/liability | 38.0     | 25.3     |
| Additions                                          | 63.3     | 189.9    |
| Settlements                                        | (73.0)   | (72.5)   |
| Change in estimated cash flows                     | 25.4     | 87.5     |
| Ending Balance                                     | \$ 836.9 | \$ 783.2 |

Certain non-legal costs of removal not yet incurred but have been, and continue to be, included in depreciation rates and collected in the customer rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Consolidated Balance Sheets.

**12. Regulatory Matters**

**Regulatory Filings**

**Renewable generation filings.** In February 2025, NIPSCO filed a petition with the IURC to modify its February 2023 order that approved a power purchase agreement related to Templeton and allow for NIPSCO to fully own Templeton. The IURC issued an order in September 2025 approving the filed petition.

**NIPSCO Electric rate case filing.** In February 2025, NIPSCO and certain intervening parties filed a Joint Stipulation and Settlement Agreement with the IURC. The IURC issued an order in June 2025, approving the Settlement Agreement without modification. New rates were implemented in multiple steps beginning in July 2025 and will continue with the final step no later than March 2026.

**Columbia of Pennsylvania rate case filing.** In December 2025, the Pennsylvania Public Utility Commission issued a final order accepting in part, and denying in part, Columbia's exceptions to the recommended decision issued by the Administrative Law Judges. The final order approved the continuation of a pilot residential Weather Normalization Adjustment with a few modifications (most notably increasing the percentage range in which weather normalization is applied from 3% to 5% and an increase to the residential fixed customer charge to \$20.15. Rates became effective in January 2026. Two parties have filed petitions for reconsideration on certain aspects of the final order and petitions for reconsideration are pending.

**GenCo filing.** In January 2025, GenCo, an indirect subsidiary of NiSource Inc., filed a declination of jurisdiction petition with the IURC related to the ownership, development, financing, construction and operation of generation facilities. This was an

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

administrative filing and is a step in NIPSCO's effort to set up a framework to accommodate megaload customers, including data centers. A settlement agreement among GenCo, NIPSCO, and a coalition of NIPSCO's largest industrial customers was approved by the IURC in September 2025. In October 2025, the Indiana Office of the Utility Consumer Counselor ("OUCC") filed a limited Request for Rehearing with the IURC and the OUCC filed a Notice of Appeal of the IURC order approving the GenCo settlement, which was immediately stayed by the Court of Appeals to allow the IURC process to be completed. In November 2025, the IURC issued an order granting the OUCC's limited request for rehearing, which was supported by NIPSCO and GenCo. In December 2025, all parties who originally appealed the IURC approval filed motions to dismiss their respective appeals.

**NIPSCO Electric Special Contract and GenCo PPA filing.** In November 2025, NIPSCO and GenCo filed an application with the IURC seeking approval of (i) a retail special contract for electric service between NIPSCO and ADS, (ii) a related power purchase agreement between NIPSCO and GenCo, and (iii) an alternative regulatory plan and associated accounting treatment. Testimony from the OUCC and intervenors was filed in January 2026. The OUCC and one other intervenor were generally supportive of approval of the special contract and GenCo PPA, while one intervenor sought certain modifications to the special contract. A hearing is scheduled for February 2026. An order is anticipated in the second quarter of 2026.

**202(c) Emergency Order for R.M. Schahfer coal facility.** In December 2025, before the planned retirement of the R.M. Schahfer coal facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring R.M. Schahfer to continue operating for 90 days, through March 23, 2026. The order stated that continued operation of R.M. Schahfer was required to meet an energy emergency across MISO's North and Central regions. Following receipt of the emergency order, NIPSCO filed a complaint at FERC seeking a modification of the MISO Tariff to establish a mechanism for recovery and allocation of the cost to comply with this order. NIPSCO made two filings with the IURC related to the emergency order. The first filing is to confirm accounting treatment of the current electric rate order, and the second is a filing for recovery of federally mandated expenses related to the emergency order, which will be utilized in the event that any costs of complying with the emergency order fall outside of the MISO Tariff recovery. The Michigan City coal facility is scheduled to be retired by the end of 2028.

**IURC Investigation.** In November 2025, the IURC initiated an investigation into the accuracy of NIPSCO's gas meters. This investigation followed NIPSCO's disclosure of a latent issue with a small percentage of the meter indexes in NIPSCO's gas meters, which was discovered during roll-out of new AMI communications modules for gas meters. A procedural schedule has been established and a hearing is expected in July 2026.

**Regulatory Assets and Liabilities.** We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures when the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates will be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers. We assess the probability of collection for all of our regulatory assets each period. The offset to the regulatory liability associated with our renewable investments included in regulated rates is recorded in "Depreciation and amortization" on the Statements of Consolidated Income.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Regulatory assets were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2025              | 2024              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Assets</b>                                                      |                   |                   |
| Unrecognized pension and other postretirement benefit costs (see Note 16)     | \$ 433.1          | \$ 485.3          |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 30.8              | 45.3              |
| Environmental costs (see Note 19-D.)                                          | 42.0              | 42.8              |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 190.8             | 172.0             |
| Under-recovered gas and fuel costs (see Note 1-J.)                            | 41.3              | 82.3              |
| Depreciation                                                                  | 218.4             | 214.9             |
| Post-in-service carrying charges                                              | 287.2             | 280.8             |
| Safety activity costs                                                         | 200.6             | 203.7             |
| DSM programs                                                                  | 13.4              | 17.8              |
| Retired coal generating stations                                              | 552.1             | 617.0             |
| Losses on commodity price risk programs (See Note 13)                         | 10.1              | 6.5               |
| Deferred property taxes                                                       | 79.4              | 75.9              |
| Renewable energy investments                                                  | 130.7             | 81.3              |
| WAM system filing                                                             | 33.5              | 21.5              |
| Customer assistance programs                                                  | 17.3              | 24.4              |
| Uncollected future cost of removal                                            | 102.5             | —                 |
| Other                                                                         | 116.2             | 105.8             |
| <b>Total Regulatory Assets</b>                                                | <b>\$ 2,499.4</b> | <b>\$ 2,477.3</b> |
| <b>Less: Current Portion</b>                                                  | <b>274.2</b>      | <b>319.9</b>      |
| <b>Total Noncurrent Regulatory Assets</b>                                     | <b>\$ 2,225.2</b> | <b>\$ 2,157.4</b> |

Regulatory liabilities were comprised of the following items:

| At December 31, <i>(in millions)</i>                                          | 2025              | 2024              |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Regulatory Liabilities</b>                                                 |                   |                   |
| Over-recovered gas and fuel costs (see Note 1-J.)                             | \$ 50.6           | \$ 21.4           |
| Cost of removal (see Note 11)                                                 | 454.5             | 482.8             |
| Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15) | 869.3             | 827.0             |
| Deferred pension and other postretirement benefit costs (see Note 16)         | 28.0              | 40.4              |
| Gains on commodity price risk programs (See Note 13)                          | 19.2              | 28.7              |
| Customer assistance programs                                                  | 10.6              | 9.4               |
| Off-system sales sharing                                                      | 21.8              | 21.4              |
| Renewable energy investments (See Note 1-S. and Note 4)                       | 139.4             | 77.0              |
| Rate refunds                                                                  | 68.9              | 16.6              |
| Other                                                                         | 111.1             | 57.0              |
| <b>Total Regulatory Liabilities</b>                                           | <b>\$ 1,773.4</b> | <b>\$ 1,581.7</b> |
| <b>Less: Current Portion</b>                                                  | <b>260.1</b>      | <b>150.5</b>      |
| <b>Total Noncurrent Regulatory Liabilities</b>                                | <b>\$ 1,513.3</b> | <b>\$ 1,431.2</b> |

Regulatory assets, including under-recovered gas and fuel costs and depreciation, of approximately \$499.3 million and \$671.3 million as of December 31, 2025 and 2024, respectively, are not earning a return on investment. These costs are recovered over a remaining life of between 15 and 75 years.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Assets:**

**Unrecognized pension and other postretirement benefit costs.** Represents the deferred other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs by certain subsidiaries that will ultimately be recovered through base rates.

**Deferred pension and other postretirement benefit costs.** Primarily relates to the difference between defined benefit plan expense recorded by certain subsidiaries due to regulatory orders and the corresponding expense that would otherwise be recorded in accordance with GAAP. This balance is driven by Columbia of Ohio deferrals.

**Environmental costs.** Includes certain recoverable costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. The recovery of these costs is to be addressed in future base rates, billing riders or tracking mechanisms of certain of our subsidiaries.

**Regulatory effects of accounting for income taxes.** Represents the deferral and under collection of deferred taxes in the rate making process.

**Under-recovered gas and fuel costs.** Represents the difference between the costs of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects, and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

**Depreciation.** Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Post-in-service carrying charges.** Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Safety activity costs.** Represents the difference between costs incurred by certain of our subsidiaries in eligible safety programs in compliance with PHMSA regulations in excess of those being recovered in rates. The majority of this balance is driven by Columbia of Ohio.

**DSM programs.** Represents costs associated with Columbia Operations and NIPSCO Operations energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

**Retired coal generating stations.** Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018 and the net book value of Units 14 and 15 of R.M. Schahfer Generating Station retired in 2021. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates. The August 2023 NIPSCO electric rate case order extends the recovery of, and on, the net book value of the stations by the end of 2034 and implements a revenue credit for the retired units. The credit is based on the difference between the year-end value of Units 14 and 15 and the most recent value established in the last base rate case proceeding or credit compliance filing.

**Losses on commodity price risk programs.** Represents the unrealized losses related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices and these amounts are collected from customers through their inclusion in customer rates.

**Deferred property taxes.** Represents the deferral and under collection of property taxes in the rate making process for Columbia of Ohio and is driven by the IRP and CEP deferrals.

**Renewable energy investments.** Represents the regulatory deferral of renewable energy formation and developer costs primarily through deferred depreciation.

**WAM system filing.** Represents the deferral of certain costs, including depreciation and amortization incurred in connection with improvements to its information technology systems through the design, development, and implementation of a new WAM program for the scheduling, dispatch, and execution of work and the management of underlying assets.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be collected from customers.



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

***Uncollected Future Cost of Removal.*** Represents asset removal costs not yet recovered.

**Liabilities:**

***Over-recovered gas and fuel costs.*** Represents the difference between the cost of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects and, the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

***Cost of removal.*** Represents anticipated costs of removal for utility assets that have been collected through depreciation rates for future costs to be incurred.

***Regulatory effects of accounting for income taxes.*** Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2025 and federal tax credits generated by Cavalry, Dunn's Bridge II, Fairbanks, and Gibson solar facilities that are passed back to customers. For discussion of the regulatory impact of the NIPSCO Minority Interest Transaction on deferred taxes, see Note 15, "Income Taxes," for additional details.

***Deferred pension and other postretirement benefit costs.*** Primarily represents cash contributions in excess of postretirement benefit expense that is deferred by certain subsidiaries.

***Gains on commodity price risk programs.*** Represents the unrealized gains related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices, and these amounts are passed back to customers through their inclusion in customer rates.

***Customer Assistance Programs.*** Represents the difference between the eligible customer assistance program costs and collections, which will be refunded to customers.

***Renewable energy investments.*** Represents the regulatory deferral of certain amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The offset to the regulatory liability associated with our renewable investments is recorded in "Depreciation expense" on the Statements of Consolidated Comprehensive Income. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," Note 4, "Noncontrolling Interests," and Note 9, "Property, Plant and Equipment," for additional information.

***Rate Refunds.*** Represents supplier refunds received by the company that are owed to customers and will be remitted and amounts that are being collected in rates subject to refund.

***Off System Sales Sharing.*** Represents amounts to be passed back to the customers as a result of Off System sales that is shared between the company and the customer.



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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**13. Risk Management Activities**

We are exposed to certain risks related 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 limit volatility in the price of natural gas, and manage interest rate exposure.

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

| (in millions)                                     | December 31, 2025 |             | December 31, 2024 |             |
|---------------------------------------------------|-------------------|-------------|-------------------|-------------|
|                                                   | Assets            | Liabilities | Assets            | Liabilities |
| Current <sup>(1)</sup>                            |                   |             |                   |             |
| Derivatives not designated as hedging instruments | \$ 9.7            | \$ 2.1      | \$ 9.1            | \$ 2.3      |
| Total                                             | \$ 9.7            | \$ 2.1      | \$ 9.1            | \$ 2.3      |
| Noncurrent <sup>(2)</sup>                         |                   |             |                   |             |
| Derivatives not designated as hedging instruments | \$ 9.1            | \$ 3.8      | \$ 17.9           | \$ 1.2      |
| Total                                             | \$ 9.1            | \$ 3.8      | \$ 17.9           | \$ 1.2      |

<sup>(1)</sup> Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Consolidated Balance Sheets.

<sup>(2)</sup> Noncurrent assets and liabilities are presented in "Deferred charges and other" and "Other noncurrent liabilities and deferred credits", respectively, on the Consolidated Balance Sheets.

Our derivative instruments are subject to enforceable master netting arrangements or similar agreements. No collateral was either received or posted related to our outstanding derivative positions at December 31, 2025 and 2024. If the above gross asset and liability positions were presented net of amounts owed or receivable from counterparties, we would report a net asset position of \$12.9 million and \$23.5 million at December 31, 2025 and 2024, respectively.

Derivatives Not Designated as Hedging Instruments

**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. As of December 31, 2025 and 2024, we had 83.7 MMDth and 77.8 MMDth, respectively, of net energy derivative volumes outstanding related to our natural gas hedges.

NIPSCO has received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments and is limited to 20% of NIPSCO's average annual GCA purchase volume. As of December 31, 2025, the remaining terms of these instruments range from one to three years. Likewise, Columbia of Pennsylvania has received approval for a 24-month rolling hedge program that will continue in perpetuity. The program is designed to financially hedge approximately 20% of the customer's annual demand. Under both programs all gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through the relevant cost recovery mechanism.

Derivatives Designated as Hedging Instruments

**Interest rate risk management.** As of December 31, 2025 and 2024, we had no active interest rate swap positions. We have recorded the overall net loss related to previously settled interest rate swaps in AOCI. The gain or loss associated with each previously settled interest rate swap is amortized in interest expense over the term of each corresponding debt issuance. These amounts were immaterial for the years ended December 31, 2025, 2024 and 2023 and are recorded in "Interest expense, net" on the Condensed Statements of Consolidated Income. Amounts expected to be reclassified to earnings during the next twelve months are immaterial. See Note 20, "Accumulated Other Comprehensive Loss," for additional information.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**14. Fair Value**

**A. Fair Value Measurements**

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2025 and December 31, 2024. As of December 31, 2025 and December 31, 2024, 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.

| Recurring Fair Value Measurements<br>December 31, 2025 ( <i>in millions</i> ) | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2025 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                         |                                                     |                                                    |                                    |
| Risk management assets                                                        | \$ —                                                                    | \$ 18.8                                             | \$ —                                               | \$ 18.8                            |
| Available-for-sale debt securities                                            | —                                                                       | 146.1                                               | —                                                  | 146.1                              |
| Equity Securities <sup>(1)(2)</sup>                                           | 8.5                                                                     | —                                                   | —                                                  | 8.5                                |
| <b>Total</b>                                                                  | <b>\$ 8.5</b>                                                           | <b>\$ 164.9</b>                                     | <b>\$ —</b>                                        | <b>\$ 173.4</b>                    |
| <b>Liabilities</b>                                                            |                                                                         |                                                     |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                    | \$ 5.9                                              | \$ —                                               | \$ 5.9                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                             | <b>\$ 5.9</b>                                       | <b>\$ —</b>                                        | <b>\$ 5.9</b>                      |

<sup>(1)</sup> Equity securities are in a high dividend equity fund and are valued using market prices in active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Equity securities are presented in "Other Investments" on the Consolidated Balance Sheets.

<sup>(2)</sup> As of December 31, 2025, the investment cost of equity securities measured at fair value was \$7.9 million, gross unrealized gains were \$0.7 million, and the fair value was \$8.5 million.

| Recurring Fair Value Measurements<br>December 31, 2024 ( <i>in millions</i> ) | Quoted Prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance as of<br>December 31, 2024 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b>Assets</b>                                                                 |                                                                         |                                                     |                                                    |                                    |
| U.S. Treasury debt securities <sup>(1)</sup>                                  | \$ 80.1                                                                 | \$ —                                                | \$ —                                               | \$ 80.1                            |
| Risk management assets                                                        | —                                                                       | 27.0                                                | —                                                  | 27.0                               |
| Available-for-sale debt securities                                            | —                                                                       | 86.7                                                | —                                                  | 86.7                               |
| <b>Total</b>                                                                  | <b>\$ 80.1</b>                                                          | <b>\$ 113.7</b>                                     | <b>\$ —</b>                                        | <b>\$ 193.8</b>                    |
| <b>Liabilities</b>                                                            |                                                                         |                                                     |                                                    |                                    |
| Risk management liabilities                                                   | \$ —                                                                    | \$ 3.5                                              | \$ —                                               | \$ 3.5                             |
| <b>Total</b>                                                                  | <b>\$ —</b>                                                             | <b>\$ 3.5</b>                                       | <b>\$ —</b>                                        | <b>\$ 3.5</b>                      |

<sup>(1)</sup> Treasury bills are presented in "Cash and cash equivalents" and "Restricted cash" on the Consolidated Balance Sheets.

*Level 1* - 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. These financial assets and liabilities are deemed to be cleared and settled daily by NYMEX as the related cash collateral is posted with the exchange. As a result of this exchange rule, NYMEX derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and are subject to future commodity price fluctuations until they are settled in accordance with their contractual terms.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

*Level 2-* 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.

*Level 3-* 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.

***Risk Management Assets and Liabilities.*** Risk management assets and liabilities include exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. NIPSCO and Columbia of Pennsylvania have entered into long-term forward natural gas purchase instruments to lock in a fixed price for 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 13, "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.

Our available-for-sale debt securities impairments are recognized periodically using an allowance approach. 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 the security's fair value is less than its amortized cost basis. If certain amounts recorded 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. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at December 31, 2025 and 2024 were:

| December 31, 2025 <i>(in millions)</i>    | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses <sup>(1)</sup> | Allowance for<br>Credit Losses | Fair Value      |
|-------------------------------------------|-------------------|------------------------------|----------------------------------------------|--------------------------------|-----------------|
| <b>Available-for-sale debt securities</b> |                   |                              |                                              |                                |                 |
| U.S. Treasury debt securities             | \$ 9.5            | \$ —                         | \$ —                                         | \$ —                           | \$ 9.5          |
| Corporate/Other debt securities           | 136.3             | 2.4                          | (2.1)                                        | —                              | 136.6           |
| <b>Total</b>                              | <b>\$ 145.8</b>   | <b>\$ 2.4</b>                | <b>\$ (2.1)</b>                              | <b>\$ —</b>                    | <b>\$ 146.1</b> |

| December 31, 2024 <i>(in millions)</i>    | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses <sup>(2)</sup> | Allowance for<br>Credit Losses | Fair Value     |
|-------------------------------------------|-------------------|------------------------------|----------------------------------------------|--------------------------------|----------------|
| <b>Available-for-sale debt securities</b> |                   |                              |                                              |                                |                |
| Corporate/Other debt securities           | 91.9              | 0.5                          | (5.6)                                        | (0.1)                          | 86.7           |
| <b>Total</b>                              | <b>\$ 91.9</b>    | <b>\$ 0.5</b>                | <b>\$ (5.6)</b>                              | <b>\$ (0.1)</b>                | <b>\$ 86.7</b> |

<sup>(1)</sup> 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 \$3.5 million and \$40.2 million, respectively at December 31, 2025.

<sup>(2)</sup> Fair value of Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$70.1 million at December 31, 2024.

The cost of maturities sold is based upon specific identification. Net realized gains and losses on available-for-sale securities were \$(1.0) million for the twelve months ended December 31, 2025, and \$2.3 million for the twelve months ended December 31, 2024. At December 31, 2025, approximately \$9.8 million and \$4.0 million of Corporate/Other debt securities and U.S. Treasury debt securities, respectively, have maturities of less than a year.

**Equity Investments.** Investments measured at net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. These investments represent holdings in a single private investment fund that are redeemable at the election of the holder. As of December 31, 2025, the Company holds \$17.9 million of equity investments measured at net asset value.

**Non-recurring Fair Value Measurements**

We measure the fair value of certain assets, including goodwill, on a non-recurring basis, typically when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. As of December 31, 2025, no non-recurring fair value adjustments have been made.

**B. Other Fair Value Disclosures for Financial Instruments.**

The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. Our long-term borrowings are recorded at historical amounts.

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

**Long-term debt.** The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the years ended December 31, 2025 and 2024, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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

| At December 31, <i>(in millions)</i>       | Carrying<br>Amount<br>2025 | Estimated<br>Fair Value<br>2025 | Carrying<br>Amount<br>2024 | Estimated<br>Fair Value<br>2024 |
|--------------------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
| Long-term debt (including current portion) | \$ 15,477.5                | \$ 14,975.3                     | \$ 13,355.7                | \$ 12,505.2                     |

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**15. Income Taxes**

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws and associated regulations involves uncertainty as taxing authorities may interpret the laws differently.

NIPSCO's historical business activities through the closing of the NIPSCO Minority Interest Transaction in 2023 were included in the consolidated U.S. federal and certain state income tax returns of NiSource Inc. Prior to April 13, 2023, NIPSCO was treated as a taxable division of its corporate parent, NiSource Inc. Beginning on that date, NIPSCO became a division of NIPSCO Holdings I. In connection with the NIPSCO Minority Interest Transaction, NIPSCO Holdings I retained NIPSCO's income tax balances and 80.1% of the excess deferred income tax regulatory balances as described below. NIPSCO Holdings I's income tax balances are based on the difference between the financial statement amount and the tax basis of its investment in NIPSCO Holdings II.

**Income Tax Expense.** The components of income tax expense (benefit) were as follows:

| Year Ended December 31, (in millions)                            | 2025            | 2024            | 2023            |
|------------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>Income Taxes</b>                                              |                 |                 |                 |
| Current                                                          |                 |                 |                 |
| Federal                                                          | \$ (30.4)       | \$ (19.3)       | \$ —            |
| State                                                            | (1.6)           | 9.4             | 5.3             |
| <b>Total Current (Benefit) Expense</b>                           | <b>(32.0)</b>   | <b>(9.9)</b>    | <b>5.3</b>      |
| Deferred                                                         |                 |                 |                 |
| Federal                                                          |                 |                 |                 |
| Taxes before operating loss carryforwards and investment credits | 189.2           | 105.9           | 49.7            |
| Tax utilization expense of operating loss carryforwards          | 34.2            | 60.4            | 65.1            |
| Investment tax credits                                           | —               | (0.1)           | (2.1)           |
| State                                                            | 13.1            | 2.6             | 22.5            |
| <b>Total Deferred Expense</b>                                    | <b>236.5</b>    | <b>168.8</b>    | <b>135.2</b>    |
| <b>Deferred Investment Tax Credits</b>                           | <b>(0.7)</b>    | <b>(0.8)</b>    | <b>(1.0)</b>    |
| <b>Income Taxes from Continuing Operations</b>                   | <b>\$ 203.8</b> | <b>\$ 158.1</b> | <b>\$ 139.5</b> |

We earn federal Investment Tax Credits ("ITC"s) and Production Tax Credits ("PTC"s) related to qualifying renewable energy projects. These credits are nonrefundable, can be utilized to offset income tax liabilities, and are transferable. We recognize the benefit of these credits within income tax expense (benefit) in the period the credits are generated.

During the periods ended December 31, 2025 and 2024, respectively, we elected to monetize certain transferable ITC/PTC credits through sales to unrelated third-party taxpayers. Accordingly, the cash proceeds received from the sale of the credits are reflected as an adjustment to income tax (benefit) expense. We recognized a current tax benefit associated with the monetization of these credits of \$19.3 million and \$18.8 million, for the years ended December 31, 2025, and 2024, respectively. These amounts offset current tax expense in the years received and a regulatory liability was established to pass back to customers over ten years, as ordered by the regulator.

In connection with the NIPSCO Minority Interest Transaction during 2023, NiSource recognized a \$63.5 million income tax benefit in additional paid in capital related to 19.9% of NIPSCO's excess deferred income taxes attributable to Blackstone's noncontrolling interest. This benefit does not impact NIPSCO's regulatory books or the excess deferred taxes that will benefit customers through lower future rates in accordance with applicable regulatory orders. See Note 4, "Noncontrolling Interests," for further discussion of the NIPSCO Minority Interest Transaction.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Statutory Rate Reconciliation.** The following table provides a quantitative reconciliation of the reported income tax expense (benefit) from the statutory U.S. federal income tax rate to the Company's effective tax rate for each period presented.

| Year Ended December 31, (in millions)                                 | 2025      |              |               | 2024      |              | 2023      |              |
|-----------------------------------------------------------------------|-----------|--------------|---------------|-----------|--------------|-----------|--------------|
| Book income before income taxes                                       | \$        | 1,216.4      |               | \$        | 1,002.8      | \$        | 813.9        |
| Tax expense (benefit) at statutory federal income tax rate            |           | 255.4        | 21.0 %        |           | 210.6        |           | 21.0 %       |
| <b>State and local income taxes, net of federal income tax effect</b> |           | <b>4.9</b>   | <b>0.4</b>    |           | <b>11.7</b>  |           | <b>1.2</b>   |
| <b>Tax Credits</b>                                                    |           |              |               |           |              |           |              |
| Investment tax credit                                                 |           | (32.4)       | (2.7)         |           | (14.5)       |           | (1.5)        |
| Production tax credit                                                 |           | (40.5)       | (3.3)         |           | (5.8)        |           | (0.6)        |
| Other                                                                 |           | (3.1)        | (0.3)         |           | (3.0)        |           | (0.3)        |
| <b>Regulatory Adjustments</b>                                         |           |              |               |           |              |           |              |
| ITC / PTC                                                             |           | 68.2         | 5.6           |           | 20.0         |           | 2.0          |
| Amortization of Excess Deferred Income Taxes                          |           | (30.2)       | (2.5)         |           | (31.2)       |           | (3.1)        |
| AFUDC equity                                                          |           | (5.5)        | (0.4)         |           | (12.5)       |           | (1.2)        |
| <b>Changes in Valuation Allowances</b>                                |           | <b>8.4</b>   | <b>0.7</b>    |           | <b>—</b>     |           | <b>—</b>     |
| <b>Nontaxable or Nondeductible Items</b>                              |           |              |               |           |              |           |              |
| Noncontrolling interests                                              |           | (18.2)       | (1.5)         |           | (27.3)       |           | (2.7)        |
| Other                                                                 |           | 1.2          | 0.1           |           | 7.6          |           | 0.8          |
| <b>Other adjustments</b>                                              |           | <b>(4.4)</b> | <b>(0.3)</b>  |           | <b>2.5</b>   |           | <b>0.2</b>   |
| <b>Income Taxes</b>                                                   | <b>\$</b> | <b>203.8</b> | <b>16.8 %</b> | <b>\$</b> | <b>158.1</b> | <b>\$</b> | <b>139.5</b> |
|                                                                       |           |              |               |           | 15.8 %       |           | 17.1 %       |

For the year ended December 31, 2025, the state and local income tax reconciling item of \$4.9 million represents the tax effect of income primarily in Virginia, which accounted for more than 50 percent of the company's state and local tax liability.

The increase in tax expense of \$45.7 million in 2025 versus 2024 was primarily due to higher pre-tax income, the establishment of a valuation allowance on deferred tax assets related to disallowed §163(j) interest carryforwards, lower non-controlling interest and lower AFUDC equity, partially offset by lower state taxes and higher federal investment and production credits generated by Dunns Bridge II Solar and Storage facility, Cavalry Solar, Fairbanks Solar, and Gibson Solar that are offset in a regulatory liability to pass back to customers in future periods.

The increase in the ITC / PTC regulatory adjustment in 2025 versus 2024 was primarily due to the regulatory liability established for the investment and production tax credits generated in 2025, net of the \$4.6 million pass back to customers of prior period federal tax credits.

The increase in tax expense of \$18.6 million in 2024 versus 2023 was primarily due to higher pre-tax income, partially offset by the tax effect of non-controlling interest, and higher federal tax credits generated by the Cavalry solar and storage facility that are offset in a regulatory liability to pass back to customers in future periods.

The increase in the ITC / PTC regulatory adjustment in 2024 versus 2023 was primarily due to the regulatory liability established for the Cavalry tax credits generated in 2024.

**Cash Taxes Paid Disclosure.** In accordance with ASU 2023-09, the following table provides cash taxes paid for each period presented, which represents the actual cash payments made for income taxes to federal and state authorities by jurisdiction and differs from the income tax expense recognized for financial reporting purposes due to deferred taxes, credits, and other reconciling items.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| Year Ended December 31, (in millions) | 2025          | 2024          | 2023          |
|---------------------------------------|---------------|---------------|---------------|
| <b>Jurisdiction</b>                   |               |               |               |
| Federal                               | \$ 2.5        | \$ —          | \$ —          |
| Pennsylvania                          | (0.2)         | 3.0           | 4.0           |
| Virginia                              | —             | 1.2           | 5.4           |
| Ohio local                            | 0.7           | —             | —             |
| Other                                 | 0.3           | 0.1           | —             |
| <b>Total Cash Taxes Paid</b>          | <b>\$ 3.3</b> | <b>\$ 4.3</b> | <b>\$ 9.4</b> |

The state component for 2025 and prior years primarily relates to Pennsylvania, Virginia and local Ohio taxes, accounting for greater than 50 percent of the total state tax payments.

**Net Deferred Income Tax Liability Components.** Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liabilities were as follows:

| At December 31, (in millions)                                                     | 2025              | 2024              |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax liabilities</b>                                                   |                   |                   |
| Accelerated depreciation and other property differences                           | \$ 1,552.0        | \$ 1,419.4        |
| Partnership basis differences                                                     | 1,431.1           | 1,328.6           |
| Other regulatory assets                                                           | 210.3             | 210.1             |
| <b>Total Deferred Tax Liabilities</b>                                             | <b>3,193.4</b>    | <b>2,958.1</b>    |
| <b>Deferred tax assets</b>                                                        |                   |                   |
| Other regulatory liabilities and deferred investment tax credits (including TCJA) | 185.1             | 170.4             |
| Pension and other postretirement/postemployment benefits                          | 32.0              | 58.8              |
| Net operating loss carryforwards                                                  | 326.0             | 369.4             |
| Environmental liabilities                                                         | 10.3              | 12.2              |
| Other accrued liabilities                                                         | 49.6              | 43.4              |
| Disallowed §163(j) interest expense carryforward                                  | 8.4               | —                 |
| General business credits                                                          | 77.3              | 20.5              |
| Other, net                                                                        | 19.4              | 8.2               |
| <b>Total Deferred Tax Assets</b>                                                  | <b>708.1</b>      | <b>682.9</b>      |
| Valuation Allowance                                                               | (14.8)            | (6.4)             |
| <b>Net Deferred Tax Assets</b>                                                    | <b>693.3</b>      | <b>676.5</b>      |
| <b>Net Deferred Tax Liabilities</b>                                               | <b>\$ 2,500.1</b> | <b>\$ 2,281.6</b> |

Deferred tax assets include amounts for disallowed §163(j) interest expense carryforward; during the period, we recorded a valuation allowance on these amounts in accordance with realizability requirements, and corresponds to the unfavorable item presented in the rate reconciliation.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 which provides a safe harbor method of accounting that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve linear property and non-linear natural gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. On June 3, 2024, the IRS extended the favorable rules to a Year 2 adoption period. The Company filed a method change with its 2024 consolidated tax return filing to elect this change in tax accounting method under the cutoff method.

In connection with the NIPSCO Minority Interest Transaction, NIPSCO's deferred taxes were removed from its GAAP books and were reconstituted as deferred taxes on the outside basis difference of NiSource's investment in NIPSCO Holdings II. These deferred taxes are reflected as partnership basis differences above.



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

NiSource has the following deductible loss and credit carryforwards:

| At December 31, 2025 (in millions)               | Deductible Amount | Deferred Tax Asset | Valuation Allowance | Expiration Period |
|--------------------------------------------------|-------------------|--------------------|---------------------|-------------------|
| Federal losses                                   | \$ 1,192.0        | \$ 250.3           | \$ —                | Indefinite        |
| Federal investment tax credits                   | —                 | 31.0               | —                   | 2043-2045         |
| Federal production tax credits                   | —                 | 23.4               | —                   | 2040-2045         |
| Federal other credit                             | —                 | 22.9               | —                   | 2029-2045         |
| Federal disallowed interest expense carryforward | —                 | 8.4                | (8.4)               | Indefinite        |
| State losses                                     | 1,867.1           | 75.4               | (6.4)               | 2029-2045         |
| <b>Total</b>                                     |                   | <b>\$ 411.4</b>    | <b>\$ (14.8)</b>    |                   |

We believe it is not more likely than not that the Federal §163(j) disallowed interest expense carryforward and a portion of the benefit from certain state net operating loss carryforwards will be realized. We have recorded a valuation allowance of \$8.4 million on the deferred tax asset related to the Federal §163(j) interest expense carryforward and \$6.4 million related to Massachusetts Net Operating Losses reflected in table presented above.

**Unrecognized Tax Benefits.** A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

| At December, (in millions)                            | 2025           | 2024           | 2023           |
|-------------------------------------------------------|----------------|----------------|----------------|
| <b>Opening Balance</b>                                | <b>\$ 21.7</b> | <b>\$ 21.7</b> | <b>\$ 21.7</b> |
| Gross decreases - tax positions in prior period       | —              | —              | —              |
| Gross increases - current period tax positions        | —              | —              | —              |
| <b>Ending Balance</b>                                 | <b>\$ 21.7</b> | <b>\$ 21.7</b> | <b>\$ 21.7</b> |
| Offset for net operating loss carryforwards           | (21.7)         | (21.7)         | (21.7)         |
| <b>Balance, Less Net Operating Loss Carryforwards</b> | <b>\$ —</b>    | <b>\$ —</b>    | <b>\$ —</b>    |

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP, which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2025, tax years through 2023 have been audited and are closed to further assessment. NiSource has not yet received a final acceptance letter from the IRS for its 2024 return. However, no adjustments are expected.

The statute of limitations in each of the state jurisdictions in which we operate remains open between 3-4 years from the date the state income tax returns are filed. As of December 31, 2025, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is obligated to report adjustments resulting from IRS audits or settlements to state taxing authorities. In addition, if NiSource utilizes net operating losses or tax credits generated in years for which the statute of limitations has expired, such amounts are generally subject to examination.



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**16. Pension and Other Postemployment 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. Certain employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

**Our Pension and Other Postretirement Benefit Plans' Asset Management.** The Board has delegated oversight of the pension and other postretirement benefit plans' assets to the NiSource Benefits Committee (the "Committee"). The Committee has adopted investment policy statements for the pension and other postretirement benefit plans' assets. For the pension plans, we employ a liability-driven investing strategy. A total return approach is utilized for some of the other postretirement benefit plans' assets. A mix of diversified investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. The investment portfolio includes U.S. and non-U.S. equities, real estate, long-term and intermediate-term fixed income and alternative investments. Risk tolerance is established through careful consideration of plan liabilities, funded status, and asset class volatility. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

In determining the expected long-term rate of return on plan assets, historical markets are studied, relationships between equities and fixed income are analyzed and current market factors, such as inflation and interest rates are evaluated with consideration of diversification and rebalancing. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding long-term capital market assumptions for each asset class. The pension plans' investment policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans' increase.

As of December 31, 2025 and December 31, 2024, the acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

| December 31, 2025<br>Asset Category | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|-------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                     | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                   | 10%                          | 30%     | 0%                          | 55%     |
| International Equities              | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                        | 65%                          | 75%     | 20%                         | 100%    |
| Private Equity                      | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments              | 0%                           | 10%     | 0%                          | 10%     |

| December 31, 2024<br>Asset Category | Defined Benefit Pension Plan |         | Postretirement Benefit Plan |         |
|-------------------------------------|------------------------------|---------|-----------------------------|---------|
|                                     | Minimum                      | Maximum | Minimum                     | Maximum |
| Domestic Equities                   | 10%                          | 30%     | 0%                          | 55%     |
| International Equities              | 5%                           | 15%     | 0%                          | 25%     |
| Fixed Income                        | 65%                          | 75%     | 20%                         | 100%    |
| Private Equity                      | 0%                           | 3%      | 0%                          | 0%      |
| Short-Term Investments              | 0%                           | 10%     | 0%                          | 10%     |

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The actual Pension Plan and Postretirement Plan Asset Mix at December 31, 2025 and December 31, 2024 are as follows:

| <b>Asset Class (in millions)</b> | <b>Defined Benefit Pension Assets<sup>(1)</sup></b> | <b>December 31, 2025</b> | <b>Postretirement Benefit Plan Assets</b> | <b>December 31, 2025</b> |
|----------------------------------|-----------------------------------------------------|--------------------------|-------------------------------------------|--------------------------|
|                                  | <b>Asset Value</b>                                  | <b>% of Total Assets</b> | <b>Asset Value</b>                        | <b>% of Total Assets</b> |
| Domestic Equities                | \$ 270.0                                            | 20.2 %                   | \$ 105.4                                  | 40.8 %                   |
| International Equities           | 137.5                                               | 10.3 %                   | 48.8                                      | 18.9 %                   |
| Fixed Income                     | 869.0                                               | 64.9 %                   | 99.2                                      | 38.5 %                   |
| Cash/Other                       | 61.9                                                | 4.6 %                    | 4.6                                       | 1.8 %                    |
| <b>Total</b>                     | <b>\$ 1,338.4</b>                                   | <b>100.0 %</b>           | <b>\$ 258.0</b>                           | <b>100.0 %</b>           |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

| <b>Asset Class (in millions)</b> | <b>Defined Benefit Pension Assets<sup>(1)</sup></b> | <b>December 31, 2024</b> | <b>Postretirement Benefit Plan Assets<sup>(1)</sup></b> | <b>December 31, 2024</b> |
|----------------------------------|-----------------------------------------------------|--------------------------|---------------------------------------------------------|--------------------------|
|                                  | <b>Asset Value</b>                                  | <b>% of Total Assets</b> | <b>Asset Value</b>                                      | <b>% of Total Assets</b> |
| Domestic Equities                | \$ 258.9                                            | 19.4 %                   | \$ 99.6                                                 | 40.9 %                   |
| International Equities           | 122.5                                               | 9.2 %                    | 40.7                                                    | 16.7 %                   |
| Fixed Income                     | 891.2                                               | 66.7 %                   | 96.5                                                    | 39.6 %                   |
| Real Estate                      | 4.0                                                 | 0.3 %                    | —                                                       | —                        |
| Cash/Other                       | 59.8                                                | 4.4 %                    | 6.7                                                     | 2.8 %                    |
| <b>Total</b>                     | <b>\$ 1,336.4</b>                                   | <b>100.0 %</b>           | <b>\$ 243.5</b>                                         | <b>100.0 %</b>           |

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

The categorization of investments into the asset classes in the tables above are based on definitions established by the Committee.

**Fair Value Measurements.** The following table sets forth, by level within the fair value hierarchy, the pension and other postretirement benefits investment assets at fair value as of December 31, 2025 and 2024. Assets are classified in their entirety based on the observability of inputs used in determining the fair value measurement. There were no material investment assets in the pension and other postretirement benefits trusts classified within Level 3 for the years ended December 31, 2025 and 2024.

We use the following valuation techniques to determine fair value. For the year ended December 31, 2025, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

**Level 1 Measurements**

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost, which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

**Level 2 Measurements**

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

**Level 3 Measurements**

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

*Not Classified*

Commingled funds, private equity limited partnerships and real estate partnerships are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity funds invest capital in non-public companies and real estate funds invest in commercial and distressed real estate directly or through related debt instruments. The fair value of these investments is determined by reference to the funds' underlying assets.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Fair Value Measurements at December 31, 2025:

| <i>(in millions)</i>                                              | December 31,<br>2025 | Quoted Prices in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs (Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                         |                                                  |                                                 |
| Cash                                                              | \$ 0.5               | \$ 0.5                                                                  | \$ —                                             | \$ —                                            |
| Fixed income securities                                           |                      |                                                                         |                                                  |                                                 |
| Government                                                        | 197.1                | —                                                                       | 197.1                                            | —                                               |
| Corporate                                                         | 471.5                | —                                                                       | 471.5                                            | —                                               |
| Mortgages/ Asset Backed Securities                                | 3.9                  | —                                                                       | 3.9                                              | —                                               |
| Other fixed income                                                | 0.1                  | —                                                                       | 0.1                                              | —                                               |
| Derivatives                                                       |                      |                                                                         |                                                  |                                                 |
| Assets                                                            | 0.6                  | —                                                                       | 0.6                                              | —                                               |
| Mutual Funds                                                      |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy                                               | 53.9                 | 53.9                                                                    | —                                                | —                                               |
| International equities                                            | 34.0                 | 34.0                                                                    | —                                                | —                                               |
| Private equity limited partnerships <sup>(1)</sup>                |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 2.4                  | —                                                                       | —                                                | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.2                  | —                                                                       | —                                                | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                       | —                                                | —                                               |
| Real estate <sup>(1)</sup>                                        | —                    | —                                                                       | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                  |                                                 |
| Short-term money markets                                          | 50.1                 | —                                                                       | —                                                | —                                               |
| U.S. equities                                                     | 216.1                | —                                                                       | —                                                | —                                               |
| International equities                                            | 103.6                | —                                                                       | —                                                | —                                               |
| Fixed income                                                      | 196.5                | —                                                                       | —                                                | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,330.6</b>    | <b>\$ 88.4</b>                                                          | <b>\$ 673.2</b>                                  | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                         |                                                  |                                                 |
| Mutual funds                                                      |                      |                                                                         |                                                  |                                                 |
| U.S. multi-strategy                                               | 92.4                 | 92.4                                                                    | —                                                | —                                               |
| International equities                                            | 16.8                 | 16.8                                                                    | —                                                | —                                               |
| Fixed income                                                      | 99.2                 | 99.2                                                                    | —                                                | —                                               |
| Commingled funds <sup>(1)</sup>                                   |                      |                                                                         |                                                  |                                                 |
| Short-term money markets                                          | 4.6                  | —                                                                       | —                                                | —                                               |
| U.S. equities                                                     | 13.0                 | —                                                                       | —                                                | —                                               |
| International equities                                            | 32.1                 | —                                                                       | —                                                | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 258.1</b>      | <b>\$ 208.4</b>                                                         | <b>\$ —</b>                                      | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.6)                | —                                                                       | (0.6)                                            | —                                               |
| Accrued income/dividends                                          | 8.3                  | 8.3                                                                     | —                                                | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,596.4</b>    | <b>\$ 305.1</b>                                                         | <b>\$ 672.6</b>                                  | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2025:

| <i>(in millions)</i>                                               | Fair Value      | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption Notice<br>Period |
|--------------------------------------------------------------------|-----------------|-------------------------|-------------------------|-----------------------------|
| Commingled Funds                                                   |                 |                         |                         |                             |
| Short-term money markets                                           | \$ 54.7         | \$ —                    | Daily                   | 1 day                       |
| U.S. equities                                                      | 229.1           | —                       | Daily                   | 1 day - 10 days             |
| International equities                                             | 135.7           | —                       | Monthly                 | 1 day-10 days               |
| Fixed income                                                       | 196.5           | —                       | Daily                   | 2 days                      |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 2.7             | 9.3                     | N/A                     | N/A                         |
| <b>Total</b>                                                       | <b>\$ 618.7</b> | <b>\$ 9.3</b>           |                         |                             |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Fair Value Measurements at December 31, 2024:

| <i>(in millions)</i>                                              | December 31,<br>2024 | Quoted Prices in Active<br>Markets for Identical Assets<br>(Level 1) | Significant Other<br>Observable Inputs (Level 2) | Significant<br>Unobservable Inputs<br>(Level 3) |
|-------------------------------------------------------------------|----------------------|----------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| <b>Pension plan assets:</b>                                       |                      |                                                                      |                                                  |                                                 |
| Cash                                                              | \$ 1.2               | \$ 1.1                                                               | \$ 0.1                                           | \$ —                                            |
| <b>Fixed income securities</b>                                    |                      |                                                                      |                                                  |                                                 |
| Government                                                        | 186.8                | —                                                                    | 186.8                                            | —                                               |
| Corporate                                                         | 486.6                | —                                                                    | 486.6                                            | —                                               |
| Mortgages/Asset backed securities                                 | 3.6                  | —                                                                    | 3.6                                              | —                                               |
| <b>Mutual Funds</b>                                               |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy                                               | 56.1                 | 56.1                                                                 | —                                                | —                                               |
| International equities                                            | 57.2                 | 57.2                                                                 | —                                                | —                                               |
| <b>Private equity limited partnerships<sup>(1)</sup></b>          |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy <sup>(2)</sup>                                | 3.1                  | —                                                                    | —                                                | —                                               |
| International multi-strategy <sup>(3)</sup>                       | 0.8                  | —                                                                    | —                                                | —                                               |
| Distressed opportunities                                          | 0.1                  | —                                                                    | —                                                | —                                               |
| Real estate <sup>(1)</sup>                                        | 4.0                  | —                                                                    | —                                                | —                                               |
| <b>Commingled funds<sup>(1)</sup></b>                             |                      |                                                                      |                                                  |                                                 |
| Short-term money markets                                          | 45.9                 | —                                                                    | —                                                | —                                               |
| U.S. equities                                                     | 202.8                | —                                                                    | —                                                | —                                               |
| International equities                                            | 65.3                 | —                                                                    | —                                                | —                                               |
| Fixed income                                                      | 214.1                | —                                                                    | —                                                | —                                               |
| <b>Pension plan assets subtotal</b>                               | <b>\$ 1,327.6</b>    | <b>\$ 114.4</b>                                                      | <b>\$ 677.1</b>                                  | <b>\$ —</b>                                     |
| <b>Other postretirement benefit plan assets:</b>                  |                      |                                                                      |                                                  |                                                 |
| <b>Mutual funds</b>                                               |                      |                                                                      |                                                  |                                                 |
| U.S. multi-strategy                                               | 87.4                 | 87.4                                                                 | —                                                | —                                               |
| International equities                                            | 16.5                 | 16.5                                                                 | —                                                | —                                               |
| Fixed income                                                      | 96.5                 | 96.5                                                                 | —                                                | —                                               |
| <b>Commingled funds<sup>(1)</sup></b>                             |                      |                                                                      |                                                  |                                                 |
| Short-term money markets                                          | 6.7                  | —                                                                    | —                                                | —                                               |
| U.S. equities                                                     | 12.2                 | —                                                                    | —                                                | —                                               |
| International equities                                            | 24.2                 | —                                                                    | —                                                | —                                               |
| <b>Other postretirement benefit plan assets subtotal</b>          | <b>\$ 243.5</b>      | <b>\$ 200.4</b>                                                      | <b>\$ —</b>                                      | <b>\$ —</b>                                     |
| Due to brokers, net <sup>(4)</sup>                                | (0.1)                | —                                                                    | (0.1)                                            | —                                               |
| Accrued income/dividends                                          | 8.9                  | 8.9                                                                  | —                                                | —                                               |
| <b>Total pension and other postretirement benefit plan assets</b> | <b>\$ 1,579.9</b>    | <b>\$ 323.7</b>                                                      | <b>\$ 677.0</b>                                  | <b>\$ —</b>                                     |

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2024:

| <i>(in millions)</i>                                               | Fair Value      | Redemption Frequency | Redemption Notice Period |
|--------------------------------------------------------------------|-----------------|----------------------|--------------------------|
| Commingled Funds                                                   |                 |                      |                          |
| Short-term money markets                                           | \$ 52.6         | Daily                | 1 day                    |
| U.S. equities                                                      | 215.0           | Daily                | 1 day -5 days            |
| International equities                                             | 89.5            | Monthly              | 10 days - 30 days        |
| Fixed income                                                       | 214.1           | Daily                | 3 days                   |
| Private Equity and Real Estate Limited Partnerships <sup>(1)</sup> | 8.0             | N/A                  | N/A                      |
| <b>Total</b>                                                       | <b>\$ 579.2</b> |                      |                          |

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure.** The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

| (in millions)                                                                                                   | Pension Benefits  |                   | Other Postretirement Benefits |                   |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
|                                                                                                                 | 2025              | 2024              | 2025                          | 2024              |
| <b>Change in projected benefit obligation<sup>(1)</sup></b>                                                     |                   |                   |                               |                   |
| Benefit obligation at beginning of year                                                                         | \$ 1,287.4        | \$ 1,401.8        | \$ 436.3                      | \$ 468.8          |
| Service cost                                                                                                    | 19.7              | 21.9              | 4.0                           | 5.0               |
| Interest cost                                                                                                   | 64.1              | 64.9              | 21.6                          | 22.0              |
| Plan participants' contributions                                                                                | —                 | —                 | 4.0                           | 3.6               |
| Plan amendments                                                                                                 | —                 | —                 | (30.3)                        | —                 |
| Actuarial loss (gain) <sup>(2)</sup>                                                                            | 34.8              | (64.8)            | (1.8)                         | (22.5)            |
| Benefits paid                                                                                                   | (135.2)           | (136.4)           | (39.0)                        | (40.7)            |
| Estimated benefits paid by incurred subsidy                                                                     | —                 | —                 | 0.1                           | 0.1               |
| <b>Projected benefit obligation at end of year</b>                                                              | <b>\$ 1,270.8</b> | <b>\$ 1,287.4</b> | <b>\$ 394.9</b>               | <b>\$ 436.3</b>   |
| <b>Change in plan assets</b>                                                                                    |                   |                   |                               |                   |
| Fair value of plan assets at beginning of year                                                                  | \$ 1,336.5        | \$ 1,426.8        | \$ 243.2                      | \$ 236.5          |
| Actual return on plan assets                                                                                    | 132.8             | 43.7              | 28.7                          | 20.0              |
| Employer contributions                                                                                          | 2.0               | 2.4               | 20.7                          | 23.6              |
| Plan participants' contributions                                                                                | —                 | —                 | 4.0                           | 3.8               |
| Benefits paid                                                                                                   | (135.2)           | (136.4)           | (39.0)                        | (40.7)            |
| <b>Fair value of plan assets at end of year</b>                                                                 | <b>\$ 1,336.1</b> | <b>\$ 1,336.5</b> | <b>\$ 257.6</b>               | <b>\$ 243.2</b>   |
| <b>Funded Status at end of year</b>                                                                             | <b>\$ 65.3</b>    | <b>\$ 49.1</b>    | <b>\$ (137.3)</b>             | <b>\$ (193.1)</b> |
| <b>Amounts recognized in the statement of financial position consist of:</b>                                    |                   |                   |                               |                   |
| Noncurrent assets                                                                                               | \$ 82.8           | \$ 66.5           | \$ 0.5                        | \$ —              |
| Current liabilities                                                                                             | (2.6)             | (2.3)             | (1.0)                         | (1.0)             |
| Noncurrent liabilities                                                                                          | (14.9)            | (15.1)            | (136.8)                       | (192.1)           |
| <b>Net amount recognized at end of year<sup>(3)</sup></b>                                                       | <b>\$ 65.3</b>    | <b>\$ 49.1</b>    | <b>\$ (137.3)</b>             | <b>\$ (193.1)</b> |
| <b>Amounts recognized in accumulated other comprehensive income or regulatory asset/liability<sup>(4)</sup></b> |                   |                   |                               |                   |
| Unrecognized prior service credit                                                                               | \$ 0.2            | \$ 0.3            | \$ (23.8)                     | \$ 3.8            |
| Unrecognized actuarial loss                                                                                     | 413.8             | 451.4             | 28.1                          | 47.0              |
| <b>Net amount recognized at end of year</b>                                                                     | <b>\$ 414.0</b>   | <b>\$ 451.7</b>   | <b>\$ 4.3</b>                 | <b>\$ 50.8</b>    |

<sup>(1)</sup>The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.

<sup>(2)</sup>The pension actuarial loss (gain) as of December 31, 2025 and December 31, 2024 was primarily driven by the decrease in discount rates interest rate movements and the increase in discount rates interest rate movements, respectively. The postretirement benefit actuarial (gain) as of December 31, 2025 and December 31, 2024 was primarily driven by claims experience changes in trend rates.

<sup>(3)</sup>We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

<sup>(4)</sup>We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of \$433.1 million and zero, respectively, as of December 31, 2025, and \$485.3 million and zero, respectively, as of December 31, 2024 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was \$1,263.0 million and \$1,278.4 million as of December 31, 2025 and 2024, respectively. The accumulated benefit obligation at each date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of our pension and postretirement benefit plans on the Consolidated Balance Sheet. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."



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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

For our pension plans as of December 31, 2025 and 2024, only our nonqualified plans were underfunded. These plans have no assets as they are not funded until benefits are paid. The following table sets forth the year end accumulated benefit obligation and projected benefit obligation for pension plans with a projected benefit obligation in excess of plan assets:

| <i>(in millions)</i>                                             | <b>December 31,</b> |                  |
|------------------------------------------------------------------|---------------------|------------------|
|                                                                  | <b>2025</b>         | <b>2024</b>      |
| Accumulated Benefit Obligation                                   | \$ 17.5             | \$ 17.4          |
| Funded Status                                                    |                     |                  |
| Projected Benefit Obligation                                     | \$ 17.5             | \$ 17.4          |
| <b>Funded Status of Underfunded Pension Plans at End of Year</b> | <b>\$ (17.5)</b>    | <b>\$ (17.4)</b> |

The following table sets forth the year end accumulated benefit obligation, projected benefit obligation and fair value of plan assets for pension plans with plan assets in excess of the projected benefit obligation:

| <i>(in millions)</i>                                            | <b>December 31,</b> |                |
|-----------------------------------------------------------------|---------------------|----------------|
|                                                                 | <b>2025</b>         | <b>2024</b>    |
| Accumulated Benefit Obligation                                  | \$ 1,245.5          | \$ 1,261.0     |
| Funded Status                                                   |                     |                |
| Fair Value of Plan Assets                                       | \$ 1,336.1          | \$ 1,336.4     |
| Projected Benefit Obligation                                    | 1,253.3             | 1,269.9        |
| <b>Funded Status of Overfunded Pension Plans at End of Year</b> | <b>\$ 82.8</b>      | <b>\$ 66.5</b> |

Our pension plans were overfunded, in aggregate, by \$65.3 million at December 31, 2025 compared to being overfunded by \$49.1 million at December 31, 2024. The improvement in the funded status was primarily due to actual return on assets exceeding the expected return on assets, partially offset by a decrease in discount rates. We contributed \$2.0 million and \$2.4 million to our pension plans in 2025 and 2024, respectively.

Our other postretirement benefit plans were underfunded, in aggregate by \$137.3 million and \$193.1 million at December 31, 2025 and 2024, respectively. The change in funded status was primarily due to actual return on assets exceeding the expected return on assets, partially offset by a decrease in discount rates. We contributed \$20.7 million and \$23.6 million to our other postretirement benefit plans in 2025 and 2024, respectively.

In 2025 and 2024, our Columbia Energy Group pension plan paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of \$6.5 million and \$7.2 million in 2025 and 2024, respectively. In 2025 and 2024, no remeasurement occurred related to lump sum payouts.

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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

|                                                                     | Pension Benefits |        | Other Postretirement Benefits |        |
|---------------------------------------------------------------------|------------------|--------|-------------------------------|--------|
|                                                                     | 2025             | 2024   | 2025                          | 2024   |
| <b>Weighted-average assumptions to Determine Benefit Obligation</b> |                  |        |                               |        |
| Discount Rate                                                       | 5.28 %           | 5.58 % | 5.45 %                        | 5.66 % |
| Rate of Compensation Increases                                      | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Interest Crediting Rates                                            | 4.00 %           | 4.00 % | N/A                           | N/A    |
| Health Care Trend Rates                                             |                  |        |                               |        |
| Trend for Next Year                                                 | N/A              | N/A    | 9.52 %                        | 9.77 % |
| Ultimate Trend                                                      | N/A              | N/A    | 4.75 %                        | 4.75 % |
| Year Ultimate Trend Reached                                         | N/A              | N/A    | 2034                          | 2033   |

We expect to make contributions of approximately \$2.7 million to our pension plans and approximately \$18.3 million to our postretirement medical and life plans in 2026.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

| (in millions) | Pension Benefits | Other Postretirement Benefits |
|---------------|------------------|-------------------------------|
| Year(s)       |                  |                               |
| 2026          | \$ 151.9         | \$ 31.4                       |
| 2027          | 130.3            | 31.3                          |
| 2028          | 126.6            | 31.1                          |
| 2029          | 119.4            | 31.0                          |
| 2030          | 115.7            | 31.2                          |
| 2031-2035     | 510.7            | 152.9                         |

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2025, 2024 and 2023:

| (in millions)                                                         | Pension Benefits |                |                | Other Postretirement Benefits |                |                |
|-----------------------------------------------------------------------|------------------|----------------|----------------|-------------------------------|----------------|----------------|
|                                                                       | 2025             | 2024           | 2023           | 2025                          | 2024           | 2023           |
| <b>Components of Net Periodic Benefit (Income) Cost<sup>(1)</sup></b> |                  |                |                |                               |                |                |
| Service cost                                                          | \$ 19.7          | \$ 21.9        | \$ 20.5        | \$ 4.0                        | \$ 5.0         | \$ 5.1         |
| Interest cost                                                         | 64.1             | 64.9           | 68.4           | 21.6                          | 22.0           | 21.8           |
| Expected return on assets                                             | (92.4)           | (95.3)         | (94.5)         | (16.8)                        | (16.1)         | (15.1)         |
| Amortization of prior service cost (credit)                           | 0.1              | 0.1            | 0.1            | (2.6)                         | (1.8)          | (2.1)          |
| Recognized actuarial loss                                             | 25.5             | 28.6           | 33.7           | 1.7                           | 3.2            | 3.3            |
| One-time charge                                                       | 6.5              | 7.2            | 9.2            | 3.5                           | —              | —              |
| <b>Total Net Periodic Benefits Cost</b>                               | <b>\$ 23.5</b>   | <b>\$ 27.4</b> | <b>\$ 37.4</b> | <b>\$ 11.4</b>                | <b>\$ 12.3</b> | <b>\$ 13.0</b> |

<sup>(1)</sup>Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income. Non-service cost components are presented within "Other, net."

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

|                                                                            | Pension Benefits |        |        | Other Postretirement Benefits |        |        |
|----------------------------------------------------------------------------|------------------|--------|--------|-------------------------------|--------|--------|
|                                                                            | 2025             | 2024   | 2023   | 2025                          | 2024   | 2023   |
| <b>Weighted-average Assumptions to Determine Net Periodic Benefit Cost</b> |                  |        |        |                               |        |        |
| Discount rate - service cost                                               | 5.74 %           | 5.06 % | 5.25 % | 5.89 %                        | 5.14 % | 5.30 % |
| Discount rate - interest cost                                              | 5.28 %           | 4.88 % | 5.06 % | 5.35 %                        | 4.89 % | 5.07 % |
| Expected long-term rate of return on plan assets                           | 7.30 %           | 7.02 % | 7.00 % | 7.09 %                        | 7.06 % | 6.96 % |
| Rate of compensation increases                                             | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |
| Interest crediting rates                                                   | 4.00 %           | 4.00 % | 4.00 % | N/A                           | N/A    | N/A    |

We assumed a 7.30% and 7.09% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2025 pension benefits and other postretirement benefits costs. These rates were primarily based on asset mix and historical rates of return and were adjusted in 2025 due to changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

|                                                                                                                                                 | Pension Benefits |                  | Other Postretirement Benefits |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------------------|------------------|
| (in millions)                                                                                                                                   | 2025             | 2024             | 2025                          | 2024             |
| <b>Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b> |                  |                  |                               |                  |
| Net prior service (credit) cost                                                                                                                 | \$ —             | \$ —             | \$ (30.3)                     | \$ —             |
| Net actuarial (gain) loss                                                                                                                       | (5.6)            | (13.1)           | (13.7)                        | (26.4)           |
| One time charge                                                                                                                                 | (6.5)            | (7.2)            | (3.4)                         | —                |
| Less: amortization of prior service cost                                                                                                        | (0.1)            | (0.1)            | 2.6                           | 1.8              |
| Less: amortization of net actuarial loss                                                                                                        | (25.5)           | (28.6)           | (1.7)                         | (3.2)            |
| <b>Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>                                                          | <b>\$ (37.7)</b> | <b>\$ (49.0)</b> | <b>\$ (46.5)</b>              | <b>\$ (27.8)</b> |
| <b>Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability</b>                          | <b>\$ (14.2)</b> | <b>\$ (21.6)</b> | <b>\$ (35.1)</b>              | <b>\$ (15.5)</b> |

In August 2025, we communicated to plan participants of one of our OPEB plans the intention to move from a group self insured Medicare supplemental health plan to a Sponsored Health Reimbursement Account, with eligible retirees electing coverage through a Healthcare Exchange, effective on January 1, 2026. Given the intention of the plan and communication to participants, this was considered a plan amendment at the time of communication. This plan amendment triggered remeasurement of this plan, resulting in a decrease to the OPEB regulatory asset of \$5.7 million, a decrease to OPEB liability of \$23.3 million, and an increase to accumulated other comprehensive loss of \$17.6 million. Net periodic OPEB benefit cost for 2025 decreased by \$1.7 million as a result of the interim remeasurement. Additionally, this change resulted in the Net prior service (credit) cost of \$30.3 million in the table above.

In line with the remeasurement, key inputs, economic assumptions, and demographic assumptions changed to calculate the updated OPEB benefit obligation and the net periodic benefit cost at the interim remeasurement date for the plan that triggered settlement accounting. For remeasurement, we used a weighted-average discount rate of 5.53%, a weighted-average health care trend rate of 9.97% for next year and ultimate trend rate of 4.75% to be reached in 2034, and weighted-average expected return on assets of 6.88%.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**17. Share-Based Compensation**

Prior to May 19, 2020, we issued share-based compensation to employees and non-employee directors under the NiSource Inc. 2010 Omnibus Plan ("2010 Omnibus Plan"), which was most recently approved by stockholders at the Annual Meeting of Stockholders held on May 12, 2015. The 2010 Omnibus Plan provided for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and superseded the Director Stock Incentive Plan ("Director Plan") with respect to grants made after the effective date of the 2010 Omnibus Plan.

The stockholders approved and adopted the NiSource Inc. 2020 Omnibus Incentive Plan ("2020 Omnibus Plan") at the Annual Meeting of Stockholders held on May 19, 2020. The 2020 Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the 2010 Omnibus Plan with respect to grants made after the effective date of the 2020 Omnibus Plan.

The 2020 Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 10,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under the 2020 Omnibus Plan, the 2010 Omnibus Plan or any other equity plan under which awards were outstanding as of May 19, 2020. At December 31, 2025, there were 6,537,216 shares available for future awards under the 2020 Omnibus Plan.

We recognized stock-based employee compensation expense of \$40.9 million, \$32.1 million and \$23.9 million, during 2025, 2024 and 2023, respectively, as well as capitalized stock-based compensation cost of \$5.1 million, \$4.1 million, and zero during the same periods. We recognized related tax benefits of \$11.1 million, \$7.0 million and \$7.7 million, during 2025, 2024 and 2023, respectively. We recognized related excess tax benefits from the distribution of vested share-based employee compensation of \$5.1 million, \$2.0 million, and \$2.9 million in 2025, 2024 and 2023, respectively.

As of December 31, 2025, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$59.2 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

**Restricted Stock Units and Restricted Stock.** We granted 550,614, 655,713, and 500,968 restricted stock units and shares of restricted stock to employees, subject to service conditions in 2025, 2024, and 2023, respectively. The total grant date fair value of the restricted stock units and shares of restricted stock during 2025, 2024, and 2023, respectively, was \$21.2 million, \$17.1 million, and \$13.7 million. The grant date fair value for the 2025, 2024 and 2023 awards is based on the average market price of our common stock at the date of each grant. The awards are expensed over the vesting period which is generally three years. As of December 31, 2025, 521,157, 508,444, and 316,439 non-vested restricted stock units and shares of restricted stock granted in 2025, 2024, and 2023, respectively, were outstanding. Our non-vested restricted stock units have a non-forfeitable right to dividend equivalents, with immaterial amounts paid in the periods ending December 31, 2025 and 2023. See Note 5, "Earnings Per Share," for further discussion.

In general, if an employee terminates employment before the service conditions lapse under the 2023, 2024 or 2025 awards due to (i) retirement or disability (as defined in the 2020 Omnibus Plan), or (ii) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the 2020 Omnibus Plan), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason, in general, will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

A summary of our restricted stock unit award transactions for the year ended December 31, 2025 is as follows:

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

| <i>(shares)</i>                        | Restricted Stock<br>Units | Weighted Average<br>Award Date Fair<br>Value Per Unit (\$) |
|----------------------------------------|---------------------------|------------------------------------------------------------|
| Non-vested at December 31, 2024        | 1,328,120                 | 26.49                                                      |
| Granted                                | 550,614                   | 38.59                                                      |
| Forfeited                              | (92,759)                  | 29.98                                                      |
| Vested                                 | (368,139)                 | 26.57                                                      |
| <b>Non-vested at December 31, 2025</b> | <b>1,417,836</b>          | <b>31.19</b>                                               |

**Employee Performance Shares.** We granted 643,683 performance shares subject to service, performance and/or market-based vesting conditions in 2025. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 30%, and 20% of the issued awards respectively.

The non-GAAP financial measure is cumulative adjusted earnings per share, which we define as diluted earnings per share adjusted for certain items. Relative total shareholder return, a market-based vesting condition, which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price over the performance period, approximately) compared to the total shareholder return of a predetermined peer group of companies. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the non-GAAP financial measure shares is based on the closing stock price of our common stock at the date of each grant, which will be expensed over the requisite service period of three years. The conditions for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2024, we granted 896,363 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 55%, 25%, and 20% of the issued awards respectively. The conditions for the remaining performance-based awards are based on operational goals of Annual Operational Index Scorecard (10%), Employee Engagement Index Score (5%), and Environmental Greenhouse Gas Reduction (5%).

In 2023, we granted 649,088 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 25%, and 25% of the issued awards respectively. The operational metrics consist of goals of economic inclusion (5%), OPEX ("Operating Expenses") Index (10%), Employee Engagement Index Score (5%), and Environmental GHG Reduction (5%). The OPEX Index is further defined by goals related to risk mitigation and modernization of our infrastructure.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

The following table presents details of the performance awards described above.

| Award Year | Service Conditions Lapse date | Performance Period    | Award Conditions                            | Shares outstanding at 12/31/2025 (shares) | Grant Date Fair Value (in millions) |
|------------|-------------------------------|-----------------------|---------------------------------------------|-------------------------------------------|-------------------------------------|
| 2025       | 2/29/2028                     | 01/01/2025-12/31/2027 | Non-GAAP Financial and Operational Measures | 449,007                                   | \$ 11.5                             |
|            |                               |                       | Relative Total Shareholder Return           | 190,095                                   | \$ 4.7                              |
| 2024       | 2/26/2027                     | 01/01/2024-12/31/2026 | Non-GAAP Financial and Operational Measures | 610,945                                   | \$ 15.7                             |
|            |                               |                       | Relative Total Shareholder Return           | 203,614                                   | \$ 6.2                              |
| 2023       | 2/28/2026                     | 01/01/2023-12/31/2025 | Non-GAAP Financial and Operational Measures | 421,980                                   | \$ 17.1                             |
|            |                               |                       | Relative Total Shareholder Return           | 140,647                                   | \$ 9.3                              |

A summary of our performance award transactions for the year ended December 31, 2025 is as follows:

| (shares)                               | Performance Awards | Weighted Average Grant Date Fair Value Per Unit (\$) |
|----------------------------------------|--------------------|------------------------------------------------------|
| Non-vested at December 31, 2024        | 1,719,223          | 24.96                                                |
| Granted                                | 643,683            | 41.26                                                |
| Forfeited                              | (83,879)           | 31.36                                                |
| Vested                                 | (334,843)          | 32.91                                                |
| <b>Non-vested at December 31, 2025</b> | <b>1,944,184</b>   | <b>18.93</b>                                         |

**Non-employee Director Awards.** As of May 19, 2020, awards to non-employee directors may be made only under the 2020 Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's deferral election. Certain restricted stock units remain outstanding from the 2010 Omnibus Plan and the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2025, 292,441 restricted stock units are outstanding to non-employee directors under either the 2020 Omnibus Plan, the 2010 Omnibus Plan or the Director Plan. Of this amount, 50,612 restricted stock units are unvested and expected to vest.

**401(k) Match, Profit Sharing and Company Contribution.** Eligible salaried employees hired after January 1, 2010 and hourly and union employees hired after January 1, 2013 receive a non-elective company contribution of 4.5% of eligible pay payable in cash or shares of NiSource common stock. We also have a voluntary 401(k) savings plan covering eligible union and nonunion employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash or shares. Further, we have a retirement savings plan that provides for discretionary profit sharing contributions to eligible employees. For the years ended December 31, 2025, 2024 and 2023, we recognized 401(k) match, profit sharing and non-elective contribution expense of \$59.0 million, \$56.9 million and \$50.7 million, respectively.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**18. Leases**

**Lease Descriptions.** We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, land, and fleet vehicles. Our corporate and field office leases and certain land leases have remaining terms between 1 and 38 years with options to renew the leases for up to 35 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements which have remaining lease terms between 1 and 3 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles for 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. We elected the short-term lease practical expedient, allowing us to not recognize ROU assets or lease liabilities for all leases with a term of 12 months or less. ROU assets and liabilities on our Consolidated Balance Sheets do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases. ASC 842 permits a lessee, by class of underlying asset, not to separate nonlease components from lease components. Our policy is to apply this expedient for our leases of fleet vehicles, IT assets and railcars when calculating their respective lease liabilities.

Lease costs for the years ended December 31, 2025 and December 31, 2024 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

| Year Ended December 31, (in millions) | Income Statement Classification | 2025           | 2024           |
|---------------------------------------|---------------------------------|----------------|----------------|
| <b>Finance lease cost</b>             |                                 |                |                |
| Amortization of right-of-use assets   | Depreciation and amortization   | \$ 20.5        | \$ 27.1        |
| Interest on lease liabilities         | Interest expense, net           | 12.9           | 13.5           |
| <b>Total finance lease cost</b>       |                                 | <b>33.4</b>    | <b>40.6</b>    |
| <b>Operating lease cost</b>           | Operation and maintenance       | <b>14.3</b>    | <b>14.7</b>    |
| <b>Total lease cost</b>               |                                 | <b>\$ 47.7</b> | <b>\$ 55.3</b> |

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

| At December 31, (in millions)  | Balance Sheet Classification                          | 2025            | 2024            |
|--------------------------------|-------------------------------------------------------|-----------------|-----------------|
| <b>Assets</b>                  |                                                       |                 |                 |
| Finance leases                 | Net Property, Plant and Equipment                     | \$ 249.8        | \$ 222.9        |
| Operating leases               | Deferred charges and other                            | 25.8            | 26.4            |
| <b>Total leased assets</b>     |                                                       | <b>\$ 275.6</b> | <b>\$ 249.3</b> |
| <b>Liabilities</b>             |                                                       |                 |                 |
| <b>Current</b>                 |                                                       |                 |                 |
| Finance leases                 | Current portion of long-term debt                     | \$ 19.7         | \$ 22.9         |
| Operating leases               | Other accruals                                        | 9.7             | 9.1             |
| <b>Noncurrent</b>              |                                                       |                 |                 |
| Finance leases                 | Long-term debt, excluding amounts due within one year | 254.3           | 223.3           |
| Operating leases               | Other noncurrent liabilities and deferred credits     | 17.2            | 18.2            |
| <b>Total lease liabilities</b> |                                                       | <b>\$ 300.9</b> | <b>\$ 273.5</b> |



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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Other pertinent information related to leases was as follows:

| Year Ended December 31, (in millions)                                         | 2025                     | 2024                     |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash paid for amounts included in the measurement of lease liabilities</b> |                          |                          |
| Operating cash flows used for finance leases                                  | \$ 14.5                  | \$ 11.2                  |
| Operating cash flows used for operating leases                                | 15.7                     | 14.5                     |
| Financing cash flows used for finance leases                                  | 22.0                     | 26.9                     |
| <b>Right-of-use assets obtained in exchange for lease obligations</b>         |                          |                          |
| Finance leases                                                                | 50.2                     | 65.9                     |
| Operating leases                                                              | \$ 13.9                  | \$ 12.2                  |
|                                                                               | <b>December 31, 2025</b> | <b>December 31, 2024</b> |
| <b>Weighted-average remaining lease term (years)</b>                          |                          |                          |
| Finance leases                                                                | 21.8                     | 20.5                     |
| Operating leases                                                              | 5.3                      | 5.6                      |
| <b>Weighted-average discount rate</b>                                         |                          |                          |
| Finance leases                                                                | 5.7 %                    | 5.6 %                    |
| Operating leases                                                              | 4.5 %                    | 4.5 %                    |

Maturities of our lease liabilities as of December 31, 2025 were as follows:

| As of December 31, 2025, (in millions) | Total    | Finance Leases | Operating Leases |
|----------------------------------------|----------|----------------|------------------|
| 2026                                   | \$ 43.3  | \$ 32.6        | \$ 10.7          |
| 2027                                   | 32.5     | 27.4           | 5.1              |
| 2028                                   | 30.0     | 26.2           | 3.8              |
| 2029                                   | 24.5     | 21.3           | 3.2              |
| 2030                                   | 24.4     | 22.3           | 2.1              |
| Thereafter                             | 373.7    | 368.1          | 5.6              |
| Total lease payments                   | 528.4    | 497.9          | 30.5             |
| Less: Imputed interest                 | (227.5)  | (223.9)        | (3.6)            |
| Total                                  | \$ 300.9 | \$ 274.0       | \$ 26.9          |
| Reported as of December 31, 2025       |          |                |                  |
| Short-term lease liabilities           | 29.4     | 19.7           | 9.7              |
| Long-term lease liabilities            | 271.5    | 254.3          | 17.2             |
| Total lease liabilities                | \$ 300.9 | \$ 274.0       | \$ 26.9          |



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**19. Other Commitments and Contingencies**

**A. Contractual Obligations.** We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2025 and their maturities were:

| (in millions)                           | Total              | 2026              | 2027              | 2028              | 2029              | 2030              | After              |
|-----------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Long-term debt <sup>(1)</sup>           | \$ 15,345.0        | \$ —              | \$ 1,090.0        | \$ 1,055.0        | \$ 1,350.0        | \$ 1,000.0        | \$ 10,850.0        |
| Interest payments on long-term debt     | 12,361.2           | 729.1             | 725.1             | 675.0             | 647.3             | 575.9             | 9,008.8            |
| Finance leases <sup>(2)</sup>           | 497.9              | 32.6              | 27.4              | 26.2              | 21.3              | 22.3              | 368.1              |
| Operating leases <sup>(3)</sup>         | 30.5               | 10.7              | 5.1               | 3.8               | 3.2               | 2.1               | 5.6                |
| Energy commodity and capacity contracts | 476.9              | 315.9             | 116.7             | 9.3               | 7.6               | 4.6               | 22.8               |
| Service obligations:                    |                    |                   |                   |                   |                   |                   |                    |
| Pipeline service obligations            | 2,829.1            | 809.5             | 879.3             | 482.3             | 326.5             | 156.6             | 174.9              |
| IT service obligations                  | 322.1              | 98.3              | 81.8              | 61.7              | 43.0              | 37.3              | —                  |
| Plant equipment purchase obligations    | 103.3              | 87.6              | 10.4              | 5.3               | —                 | —                 | —                  |
| Other liabilities <sup>(4)</sup>        | 120.3              | 74.0              | 10.1              | 9.5               | 8.4               | 8.0               | 10.3               |
| <b>Total contractual obligations</b>    | <b>\$ 32,086.3</b> | <b>\$ 2,157.7</b> | <b>\$ 2,945.9</b> | <b>\$ 2,328.1</b> | <b>\$ 2,407.3</b> | <b>\$ 1,806.8</b> | <b>\$ 20,440.5</b> |

<sup>(1)</sup> Long-term debt balance excludes unamortized issuance costs and discounts of \$141.5 million and finance leases of \$274.0 million.

<sup>(2)</sup> Finance lease payments shown above are inclusive of interest totaling \$223.9 million.

<sup>(3)</sup> Operating lease payments shown above are inclusive of interest totaling \$3.6 million. Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so as they are renewed month-to-month after the first year.

<sup>(4)</sup> Other liabilities shown above are primarily related to the current EPC contract and ongoing maintenance service agreements for our renewable joint ventures.

**Purchase and Service Obligations.** We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our energy commodity contracts are for the purchase of physical quantities of natural gas, electricity, coal and purchases of electric capacity. Our service obligations, consisting of pipeline service obligations and IT service obligations, encompass a broad range of business support and maintenance functions which are generally described below. Our plant equipment purchase obligations are for plant equipment, typically for generation assets, with long lead times that require payments made over time.

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity, coal and purchases of electric capacity. These amounts represent the minimum quantity of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2025.

NIPSCO has PPAs representing approximately 1,200 MW of capacity, with contracts expiring between 2038 and 2045. No minimum quantities are specified within these agreements due to the variability of electricity generation, so no amounts related to these contracts are included in the table above. Upon early termination of one of these agreements by NIPSCO for any reason (other than material breach by the counterparties), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2030 to 2044, require us to pay fixed monthly charges.

NIPSCO has contracts with three rail operators providing coal transportation services for which there are certain minimum payments. These service contracts extend for various periods from 2026 through 2028.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2030.

**B. 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 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

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**NI SOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

the subsidiaries' intended commercial purposes. At December 31, 2025 and 2024, we issued letters of credit of \$119.0 million and \$9.4 million, respectively, for the benefit of third parties.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At December 31, 2025 and 2024, our guarantees for multiple BTAs totaled \$27.2 million and \$1,127.5 million, respectively. The amount of each guaranty will decrease upon the substantial completion of the construction of the facilities. See "- E. Other Matters - Generation Transition," below for more information.

We provide guarantees related to some of our rail and pipeline service agreements. If we do not meet our contractual obligations under the terms of these agreements we would be required to pay up to a maximum of \$52.0 million.

**C. Legal Proceedings.** From time to time, various legal and regulatory claims and proceedings are pending or threatened against the Company and its subsidiaries. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company establishes reserves whenever it believes it to be appropriate for pending litigation matters. However, the actual results of resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more 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. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our results of operations, financial position or liquidity.

**Other Claims and Proceedings.** 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, and based upon an investigation of these matters and discussion with legal counsel, we believe the ultimate outcome of such other legal proceedings to be individually, or in aggregate, not material at this time.

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

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects the majority of environmental assessment and remediation costs and asset retirement costs, further described below, to be recoverable through rates. See Note 11, "Asset Retirement Obligations" and Note 12, "Regulatory Matters," for additional detail.

As of December 31, 2025 and 2024, we had recorded a liability of \$82.6 million and \$91.8 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities and deferred credits" in the Consolidated Balance Sheets. 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.

**CERCLA.** Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA 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. At this time, we cannot estimate the full cost of remediating properties that have not yet been investigated, but it is possible that the future costs could be material to the Consolidated Financial Statements.

**MGP.** We maintain a program to identify and investigate former MGP sites where gas distribution subsidiaries or predecessors may have liability. The program has identified 41 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.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

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 identified during the update completed as of June 30, 2025. Our total estimated liability related to the facilities subject to remediation was \$75.5 million and \$86.4 million at December 31, 2025 and 2024, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. Our model indicates that it is reasonably possible that remediation costs could vary by as much as \$16.5 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.** NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The CCR rule requirements currently in effect required 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.

On May 8, 2024, the EPA finalized changes to the current CCR regulations ("Legacy CCR Rule") which address inactive surface impoundments at inactive facilities, referred to as legacy impoundments, and CCR management units ("CCRMUs") at inactive and active facilities. The rule largely requires these newly regulated units to conform to existing requirements, such as groundwater monitoring, closure requirements, and post-closure care. During 2025, we accrued an additional \$48.9 million to cover probable and estimable compliance activities associated with the Legacy CCR Rule. NIPSCO continues to assess whether existing legal obligations associated with the retirement of certain facilities must be revised and to estimate probable additional required asset retirement costs. NIPSCO expects to receive recovery of any such costs through existing and future depreciation rates.

**E. Other Matters**

**Generation Transition.** In October 2024, NIPSCO contracted with a developer to convert the previously approved Templeton PPA to a BTA and in February 2025 filed a CPCN with the IURC seeking approval of the full ownership BTA structure. In September 2025, the IURC granted NIPSCO a CPCN to acquire Templeton through the full ownership BTA structure. NIPSCO's purchase obligation under Templeton is dependent on timely completion of construction. Certain agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones.

In January 2025, the Fairbanks project achieved mechanical completion, resulting in NIPSCO making a \$336.6 million payment to the developer. In May 2025, the Fairbanks project achieved substantial completion, resulting in NIPSCO making a \$141.4 million payment to the developer in June 2025. In December 2025, the Fairbanks project achieved final completion, resulting in NIPSCO making a \$3.6 million payment to the developer.

In January 2025, the Dunns Bridge II project achieved substantial completion, resulting in NIPSCO making a \$217.6 million payment to the developer in February 2025. In October 2025, the Dunns Bridge II project achieved final completion resulting in a NIPSCO making a \$4.2 million payment to the developer.

In June 2025, the Gibson project achieved mechanical completion, resulting in NIPSCO making a \$262.4 million payment to the developer. In August 2025, the Gibson project achieved substantial completion, resulting in NIPSCO making a \$133.7 million payment to the developer in September 2025.

**NIPSCO Minority Interest Transaction.** In December 2023, pursuant to the terms of the BIP Purchase Agreement and simultaneously with the closing of the NIPSCO Minority Interest Transaction, Blackstone, NIPSCO Holdings I, NIPSCO Holdings II and NiSource entered into an Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II. In January 2024, BIP transferred a 4.5% portion of its equity interest to one of its affiliates and the members of NIPSCO Holdings II entered into a Second Amended and Restated Limited Liability Company Operating Agreement of NIPSCO Holdings II. In October 2025, the members of NIPSCO Holdings II entered into a Third Amended and Restated LLC Agreement of NIPSCO Holdings II (the "Amended LLC Agreement"), which, among other changes, increased the amount and time period for additional mandatory capital contributions required to be contributed by the members affiliated with Blackstone by \$175 million and seven years, which obligation is backed by an Equity Commitment Letter from Blackstone or an affiliate thereof, and amended certain provisions to facilitate NIPSCO Holdings II and its subsidiaries' provision of electric service to

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

data center customers (and related activities) and their related contracts and arrangements with Generation Holdings II and its subsidiaries. The members of NIPSCO Holdings II that are affiliates of Blackstone must vote their equity holdings under the Amended LLC Agreement as one investor. Refer to Note 4, "Noncontrolling Interests," in the Notes to the Consolidated Financial Statements for more information on this transition.

**GenCo Minority Interest Transaction.** In October 2025, NiSource issued a 19.9% indirect equity interest in NiSource's wholly-owned subsidiary GenCo to BIP Orion Holdco L.P. and BIP Orion Holdco II L.P., affiliates of Blackstone (collectively, "Blackstone Investor"), in exchange for \$35.2 million in cash contributions to Generation Holdings II through the Generation Holdings II LLC Agreement. We analyzed the Generation Holdings II LLC Agreement and determined that we maintain the decision-making activities over Generation Holdings II and its wholly owned subsidiary GenCo, making Generation Holdings II a consolidated VIE. Generation Holding II is considered a VIE as it passes the variability of its operating results through to its shareholders (Generation Holdings I and Blackstone Investor) and has insufficient equity to finance its activities without additional subordinated financial support.

Refer to Note 4, "Noncontrolling Interest," for detailed discussion of accounting for the GenCo Minority Interest Transaction.

The foregoing descriptions of the Generation Holdings II LLC Agreement and the Amended LLC Agreement do not purport to be complete and are qualified in their entirety by reference to the terms and conditions of the Generation Holdings II LLC Agreement and Amended LLC Agreement, which are filed as Exhibits 10.17 and 10.16, respectively, and are incorporated by reference herein.

**EPC Agreements.** GenCo has entered into certain EPC contracts to construct generation capacity assets to support the ADS Contract, requiring payments at specified periods. The assets contemplated by these contracts are subject to IURC approval. We may terminate for convenience the EPC Contracts and pay certain incurred project costs and termination fees if the ADS Contract is terminated or IURC approval of the underlying assets is not obtained. Amounts that will be owed in the event of termination are included in the table above.

**20. Accumulated Other Comprehensive Loss**

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

| <i>(in millions)</i>                                           | Gains and Losses on<br>Securities <sup>(1)</sup> | Gains and Losses on<br>Cash Flow Hedges <sup>(1)</sup> | Pension and OPEB<br>Items <sup>(1)</sup> | Accumulated<br>Other<br>Comprehensive<br>Loss <sup>(1)</sup> |
|----------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|------------------------------------------|--------------------------------------------------------------|
| <b>Balance as of December 31, 2022</b>                         | \$ (11.2)                                        | \$ (12.6)                                              | \$ (13.3)                                | \$ (37.1)                                                    |
| Other comprehensive (loss) income before reclassifications     | 3.1                                              | (0.5)                                                  | (1.4)                                    | 1.2                                                          |
| Amounts reclassified from accumulated other comprehensive loss | 0.8                                              | 0.3                                                    | 1.2                                      | 2.3                                                          |
| Net current-period other comprehensive (loss) income           | 3.9                                              | (0.2)                                                  | (0.2)                                    | 3.5                                                          |
| <b>Balance as of December 31, 2023</b>                         | \$ (7.3)                                         | \$ (12.8)                                              | \$ (13.5)                                | \$ (33.6)                                                    |
| Other comprehensive (loss) income before reclassifications     | 1.5                                              | —                                                      | (1.2)                                    | 0.3                                                          |
| Amounts reclassified from accumulated other comprehensive loss | 1.8                                              | (0.4)                                                  | 1.5                                      | 2.9                                                          |
| Net current-period other comprehensive (loss) income           | 3.3                                              | (0.4)                                                  | 0.3                                      | 3.2                                                          |
| <b>Balance as of December 31, 2024</b>                         | \$ (4.0)                                         | \$ (13.2)                                              | \$ (13.2)                                | \$ (30.4)                                                    |
| Other comprehensive income before reclassifications            | 5.0                                              | —                                                      | 19.5                                     | 24.5                                                         |
| Amounts reclassified from accumulated other comprehensive loss | (0.9)                                            | (0.4)                                                  | 1.0                                      | (0.3)                                                        |
| Net current-period other comprehensive income (loss)           | 4.1                                              | (0.4)                                                  | 20.5                                     | 24.2                                                         |
| <b>Balance as of December 31, 2025</b>                         | \$ 0.1                                           | \$ (13.6)                                              | \$ 7.3                                   | \$ (6.2)                                                     |

<sup>(1)</sup>All amounts are net of tax. Amounts in parentheses indicate debits.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**21. Business Segment Information**

Our reportable segments reflect the manner in which our business is managed and our resources are allocated. Following the consummation of the NIPSCO Minority Interest Transaction, we revised how we evaluate results and allocate resources across our business with an increased focus on operating performance at the state level. Refer to Note 4, "Noncontrolling Interests," for additional information on the NIPSCO Minority Interest Transaction. At December 31, 2025, our operations are divided into two primary reportable segments, the Columbia Operations and the NIPSCO Operations segments. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations includes the results of NIPSCO Holdings I and its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in northern Indiana. Our historical segment disclosures have been recast to be consistent with the current presentation.

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" in the subsequent reconciliation table and primarily are comprised of interest expense on holding company debt and unallocated corporate costs and activities, as well as new business development costs associated with GenCo. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues. The following table provides information about our reportable segments. We use operating income as our primary measurement for each of the reported segments and make decisions on financing, dividends and taxes at the corporate level on a consolidated basis. We provide this measure to our Chief Operating Decision Maker, the CEO, who utilizes this measure to make operating segment level strategy decisions based on budget-to-actual variances and against prior periods to allocate resources accordingly. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

Year Ended December 31, 2025 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External revenue                          | \$ 3,330.0             | \$ 3,307.4           | \$ 6,637.4                         |
| Intersegment revenue                      | 13.3                   | 1.1                  | 14.4                               |
| <b>Total Operating Revenue</b>            | <b>\$ 3,343.3</b>      | <b>\$ 3,308.5</b>    | <b>\$ 6,651.8</b>                  |
| Cost of energy                            | 819.8                  | 764.7                | 1,584.5                            |
| O&M                                       | 923.7                  | 848.9                | 1,772.6                            |
| Depreciation                              | 451.2                  | 680.6                | 1,131.8                            |
| Total other taxes                         | 253.2                  | 75.5                 | 328.7                              |
| Other segment items <sup>(1)</sup>        | 0.3                    | 0.7                  | 1.0                                |
| <b>Operating Income</b>                   | <b>\$ 895.1</b>        | <b>\$ 938.1</b>      | <b>\$ 1,833.2</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,213.0</b>      | <b>\$ 2,508.9</b>    | <b>\$ 3,721.9</b>                  |
| <b>Assets</b>                             | <b>\$ 15,903.7</b>     | <b>\$ 18,126.7</b>   | <b>\$ 34,030.4</b>                 |

<sup>(1)</sup>Other segment items consists of Loss (gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

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**NISOURCE INC.**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Notes to Consolidated Financial Statements

Year Ended December 31, 2024 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External revenue                          | \$ 2,703.2             | \$ 2,751.0           | \$ 5,454.2                         |
| Intersegment revenue                      | 12.8                   | 1.0                  | 13.8                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,716.0</b>      | <b>\$ 2,752.0</b>    | <b>\$ 5,468.0</b>                  |
| <b>Cost of energy</b>                     | <b>514.7</b>           | <b>617.5</b>         | <b>1,132.2</b>                     |
| <b>O&amp;M</b>                            | <b>837.5</b>           | <b>761.4</b>         | <b>1,598.9</b>                     |
| <b>Depreciation</b>                       | <b>409.1</b>           | <b>590.3</b>         | <b>999.4</b>                       |
| <b>Total other taxes</b>                  | <b>218.6</b>           | <b>64.3</b>          | <b>282.9</b>                       |
| <b>Other segment items<sup>(1)</sup></b>  | <b>7.4</b>             | <b>(1.3)</b>         | <b>6.1</b>                         |
| <b>Operating Income</b>                   | <b>\$ 728.7</b>        | <b>\$ 719.8</b>      | <b>\$ 1,448.5</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,209.0</b>      | <b>\$ 2,252.4</b>    | <b>\$ 3,461.4</b>                  |
| <b>Assets</b>                             | <b>\$ 14,769.5</b>     | <b>\$ 15,823.5</b>   | <b>\$ 30,593.0</b>                 |

<sup>(1)</sup>Other segment items consists of Loss(gain) on Sale or Impairment of Assets and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

Year Ended December 31, 2023 (in millions)

|                                           | Columbia<br>Operations | NIPSCO<br>Operations | Total of<br>Reportable<br>Segments |
|-------------------------------------------|------------------------|----------------------|------------------------------------|
| <b>Operating Revenues</b>                 |                        |                      |                                    |
| External revenue                          | \$ 2,733.9             | \$ 2,770.7           | \$ 5,504.6                         |
| Intersegment revenue                      | 12.2                   | 0.9                  | 13.1                               |
| <b>Total Operating Revenue</b>            | <b>\$ 2,746.1</b>      | <b>\$ 2,771.6</b>    | <b>\$ 5,517.7</b>                  |
| <b>Cost of energy</b>                     | <b>645.0</b>           | <b>888.3</b>         | <b>1,533.3</b>                     |
| <b>O&amp;M</b>                            | <b>792.3</b>           | <b>787.7</b>         | <b>1,580.0</b>                     |
| <b>Depreciation</b>                       | <b>371.7</b>           | <b>493.8</b>         | <b>865.5</b>                       |
| <b>Total other taxes</b>                  | <b>198.8</b>           | <b>57.9</b>          | <b>256.7</b>                       |
| <b>Other segment items<sup>(1)</sup></b>  | <b>—</b>               | <b>2.2</b>           | <b>2.2</b>                         |
| <b>Operating Income</b>                   | <b>\$ 738.3</b>        | <b>\$ 541.7</b>      | <b>\$ 1,280.0</b>                  |
| <b>Capital Expenditures<sup>(2)</sup></b> | <b>\$ 1,159.6</b>      | <b>\$ 1,294.8</b>    | <b>\$ 2,454.4</b>                  |
| <b>Assets</b>                             | <b>\$ 13,664.5</b>     | <b>\$ 13,962.6</b>   | <b>\$ 27,627.1</b>                 |

<sup>(1)</sup>Other segment items consists of proceeds from a property insurance settlement related to the Greater Lawrence Incident and other segment income or expenses deemed insignificant which are used to reach our measurement of segment profit or loss, Operating Income.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

To reconcile the segment tables above to consolidated NiSource:



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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

Year Ended December 31, 2025 (in millions)

|                                | <b>Total Reportable Segments</b> | <b>Corporate and Other</b> | <b>Eliminations</b> | <b>Consolidated NiSource</b> |
|--------------------------------|----------------------------------|----------------------------|---------------------|------------------------------|
| <b>Total Operating Revenue</b> | \$ 6,651.8                       | \$ 600.1                   | \$ (609.7)          | \$ 6,642.2                   |
| <b>Operating Income</b>        | 1,833.2                          | 2.1                        | —                   | 1,835.3                      |
| <b>Capital Expenditures</b>    | 3,721.9                          | 329.7                      | —                   | 4,051.6                      |
| <b>Assets</b>                  | 34,030.4                         | 1,828.3                    | —                   | 35,858.7                     |

Year Ended December 31, 2024 (in millions)

|                                | <b>Total Reportable Segments</b> | <b>Corporate and Other</b> | <b>Eliminations</b> | <b>Consolidated NiSource</b> |
|--------------------------------|----------------------------------|----------------------------|---------------------|------------------------------|
| <b>Total Operating Revenue</b> | \$ 5,468.0                       | \$ 581.9                   | \$ (594.8)          | \$ 5,455.1                   |
| <b>Operating Income</b>        | 1,448.5                          | 7.0                        | —                   | 1,455.5                      |
| <b>Capital Expenditures</b>    | 3,461.4                          | 231.1                      | —                   | 3,692.5                      |
| <b>Assets</b>                  | 30,593.0                         | 1,195.1                    | —                   | 31,788.1                     |

Year Ended December 31, 2023 (in millions)

|                                | <b>Total Reportable Segments</b> | <b>Corporate and Other</b> | <b>Eliminations</b> | <b>Consolidated NiSource</b> |
|--------------------------------|----------------------------------|----------------------------|---------------------|------------------------------|
| <b>Total Operating Revenue</b> | \$ 5,517.7                       | \$ 504.6                   | \$ (516.9)          | \$ 5,505.4                   |
| <b>Operating Income</b>        | 1,280.0                          | 15.5                       | —                   | 1,295.5                      |
| <b>Capital Expenditures</b>    | 2,454.4                          | 236.3                      | —                   | 2,690.7                      |
| <b>Assets</b>                  | 27,627.1                         | 3,450.1                    | —                   | 31,077.2                     |

**22. Other, Net**

The following table displays the components of Other, Net included on the Statements of Consolidated Income:

| Year Ended December 31, (in millions)                            | <b>2025</b> | <b>2024</b> | <b>2023</b> |
|------------------------------------------------------------------|-------------|-------------|-------------|
| Interest income                                                  | \$ 10.2     | \$ 10.4     | \$ 9.0      |
| AFUDC equity                                                     | 32.7        | 75.1        | 25.2        |
| Charitable contributions                                         | (4.8)       | (5.4)       | (1.8)       |
| Pension and other postretirement non-service cost <sup>(1)</sup> | (13.0)      | (13.5)      | (24.0)      |
| Tax penalty                                                      | (4.0)       | (0.7)       | —           |
| Heating assistance                                               | (2.1)       | (0.5)       | (0.8)       |
| Miscellaneous                                                    | 1.1         | (0.9)       | 0.4         |
| <b>Total Other, net</b>                                          | \$ 20.1     | \$ 64.5     | \$ 8.0      |

<sup>(1)</sup> See Note 16, "Pension and Other Postemployment Benefits," for additional information.

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**NiSOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**Notes to Consolidated Financial Statements**

**23. Interest Expense, Net**

The following table displays the components of Interest Expense, Net included on the Statements of Consolidated Income:

| Year Ended December 31, <i>(in millions)</i>                                   | 2025            | 2024            | 2023            |
|--------------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Interest on long-term debt                                                     | \$ 647.8        | \$ 506.2        | \$ 404.1        |
| Interest on short-term borrowings                                              | 36.7            | 43.2            | 108.9           |
| Debt discount/cost amortization                                                | 15.2            | 13.8            | 13.5            |
| Accounts receivable securitization fees                                        | 1.4             | 1.5             | 2.7             |
| Allowance for borrowed funds used and interest capitalized during construction | (37.8)          | (40.1)          | (25.3)          |
| Debt-based post-in-service carrying charges                                    | (47.4)          | (26.4)          | (30.7)          |
| Other                                                                          | 23.1            | 19.0            | 16.4            |
| <b>Total Interest Expense, net</b>                                             | <b>\$ 639.0</b> | <b>\$ 517.2</b> | <b>\$ 489.6</b> |

**24. Supplemental Cash Flow Information**

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023:

| Year Ended December 31, <i>(in millions)</i>                        | 2025     | 2024     | 2023     |
|---------------------------------------------------------------------|----------|----------|----------|
| <b>Supplemental Disclosures of Cash Flow Information</b>            |          |          |          |
| Non-cash transactions:                                              |          |          |          |
| Capital expenditures included in current liabilities                | \$ 479.9 | \$ 367.0 | \$ 315.0 |
| Assets acquired under a finance lease                               | 50.2     | 65.9     | 64.5     |
| Assets acquired under an operating lease                            | 13.9     | 12.2     | 5.6      |
| Assets recorded for asset retirement obligations <sup>(1)</sup>     | 88.7     | 277.4    | 61.1     |
| Schedule of interest and income taxes paid:                         |          |          |          |
| Cash paid for interest on debt, net of interest capitalized amounts | \$ 557.1 | \$ 468.2 | \$ 433.9 |
| Cash paid for interest on finance leases                            | 14.5     | 11.2     | 8.6      |
| Cash paid for income taxes, net of refunds                          | 3.3      | 4.3      | 9.4      |

<sup>(1)</sup>See Note 11, "Asset Retirement Obligations," for additional information.



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**NISOURCE INC.**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NISOURCE INC.  
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**

**Twelve months ended December 31, 2025**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2025 | Additions                        |                                            | Deductions for<br>Purposes for<br>which Reserves were<br>Created | Balance<br>Dec. 31, 2025 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.7                 | \$ 40.8                          | \$ 40.9                                    | \$ 64.8                                                          | \$ 40.6                  |
| Reserve for deferred charges and other                                           | 1.1                     | —                                | 0.2                                        | —                                                                | 1.3                      |

**Twelve months ended December 31, 2024**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2024 | Additions                        |                                            | Deductions for<br>Purposes for<br>which Reserves were<br>Created | Balance<br>Dec. 31, 2024 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 22.9                 | \$ 23.2                          | \$ 32.3                                    | \$ 54.7                                                          | \$ 23.7                  |
| Reserve for deferred charges and other                                           | 1.3                     | —                                | (0.2)                                      | —                                                                | 1.1                      |

**Twelve months ended December 31, 2023**

| (\$ in millions)                                                                 | Balance<br>Jan. 1, 2023 | Additions                        |                                            | Deductions for<br>Purposes for<br>which Reserves were<br>Created | Balance<br>Dec. 31, 2023 |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------------------------------------|------------------------------------------------------------------|--------------------------|
|                                                                                  |                         | Charged to Costs<br>and Expenses | Charged to Other<br>Account <sup>(1)</sup> |                                                                  |                          |
| Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply: |                         |                                  |                                            |                                                                  |                          |
| Reserve for accounts receivable                                                  | \$ 23.9                 | \$ 23.4                          | \$ 36.6                                    | \$ 61.0                                                          | \$ 22.9                  |
| Reserve for deferred charges and other                                           | 1.0                     | —                                | 0.3                                        | —                                                                | 1.3                      |

<sup>(1)</sup> Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset or the movement of the reserve between short term and long term.

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**NiSOURCE INC.**

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Our CEO and CFO are responsible for evaluating the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, 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 CEO and CFO concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management, including our CEO and CFO, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. We conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

**Changes in Internal Controls**

There have been no changes during the last fiscal quarter in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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NiSOURCE INC.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the “Company”) as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 11, 2026, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 11, 2026

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NiSOURCE INC.

ITEM 9B. OTHER INFORMATION

Director and Officer Trading Arrangements

The following table describes any contracts, instructions or written plans for the sale or purchase of NiSource securities and intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act that were adopted by our directors and executive officers during the quarter ended December 31, 2025:

| Name and Title                                                          | Date of Adoption of Rule 10b5-1 Trading Plan | Scheduled Expiration Date of Rule 10b5-1 Trading Plan <sup>(1)</sup> | Aggregate Number of Securities to Be Purchased or Sold |
|-------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------|
| Shawn Anderson<br><br>Executive Vice President, Chief Financial Officer | 11/10/2025                                   | 5/29/2026                                                            | Sale of up to 12,500 shares of common stock            |

<sup>(1)</sup>A trading plan may also expire on such earlier date that all transactions under the trading plan are completed.

During the quarter ended December 31, 2025, none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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**NiSOURCE INC.**

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K and the information with respect to our insider trading policy set forth below, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance - Board Committee Composition," "Corporate Governance - Code of Business Conduct," and "Delinquent Section 16(a) Reports" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

##### **Insider Trading Policy**

The Company has adopted an Insider Trading Policy, our "Securities Transaction Compliance Policy", governing the purchase, sale, and/or other dispositions of the Company's securities by our directors and all employees, including officers as defined under Rule 16a-1(f) of the Securities Exchange Act of 1934 and certain designated employees as well as their immediate family and members of their households, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations and the exchange listing standards applicable to us. A copy of our policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference to the discussion in "Compensation and Human Capital Committee Interlocks and Insider Participation," "2025 Director Compensation," "2025 Executive Compensation," "Compensation Discussion and Analysis (CD&A)," "Assessment of Risk," "2025 Pay Versus Performance," and "Compensation and Human Capital Committee Report" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management," and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Registered Public Accounting Firm Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 11, 2026.

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**NiSOURCE INC.**

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

**Financial Statements and Financial Statement Schedules**

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

|                                                                                        | Page                |
|----------------------------------------------------------------------------------------|---------------------|
| <a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 34)</a> | <a href="#">67</a>  |
| <a href="#">Statements of Consolidated Income</a>                                      | <a href="#">70</a>  |
| <a href="#">Statements of Consolidated Comprehensive Income</a>                        | <a href="#">71</a>  |
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| <a href="#">Statements of Consolidated Cash Flows</a>                                  | <a href="#">74</a>  |
| <a href="#">Statements of Consolidated Stockholders' Equity</a>                        | <a href="#">75</a>  |
| <a href="#">Notes to Consolidated Financial Statements</a>                             | <a href="#">77</a>  |
| <a href="#">Schedule II</a>                                                            | <a href="#">133</a> |

**Exhibits**

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

| EXHIBIT<br>NUMBER | DESCRIPTION OF ITEM                                                                                                                                                                                                                                                                                     |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1.1)             | Form of Equity Distribution Agreement (incorporated by reference to <a href="#">Exhibit 1.1 of the NiSource Inc. Form 8-K</a> filed on October 31, 2025).                                                                                                                                               |
| (1.2)             | Form of Master Forward Sale Confirmation (incorporated by reference to <a href="#">Exhibit 1.2 of the NiSource Inc. Form 8-K</a> filed on October 31, 2025).                                                                                                                                            |
| (2.1)             | Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to <a href="#">Exhibit 2.1 to the NiSource Inc. Form 8-K</a> filed on July 2, 2015).                                                        |
| (3.1)             | Articles of Incorporation of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to <a href="#">Exhibit 3.3 to the NiSource Inc. Form 8-K filed on October 22, 2024</a> ).                                                                                       |
| (3.2)             | Bylaws of NiSource Inc., as amended and restated through October 21, 2024 (incorporated by reference to <a href="#">Exhibit 3.4 to the NiSource Inc. Form 8-K</a> filed on October 22, 2024).                                                                                                           |
| (4.1)             | Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).                                  |
| (4.2)             | First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).                     |
| (4.3)             | Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).             |
| (4.4)             | Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000). |
| (4.5)             | Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).                                 |
| (4.6)             | Form of 3.490% Notes due 2027 (incorporated by reference to <a href="#">Exhibit 4.1 to the NiSource Inc. Form 8-K</a> filed on May 17, 2017).                                                                                                                                                           |

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**NiSOURCE INC.**

- (4.7) Form of 4.375% Notes due 2047 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on May 17, 2017).
- (4.8) Form of 3.950% Notes due 2048 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on September 8, 2017).
- (4.9) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3](#) filed November 30, 2017 (Registration No. 333-214360)).
- (4.10) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on December 1, 2017).
- (4.11) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 10-Q](#) filed on May 2, 2018).
- (4.12) Fourth Supplemental Indenture, dated as of December 18, 2023, between NiSource, Inc. and The Bank of New York Mellon, as trustee, relating to the 7.99% Medium-Term Notes due 2027 and the 6.78% Senior Notes due 2027 (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on December 18, 2023).
- (4.13) Subordinated Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Form 8-K](#) filed on May 16, 2024).
- (4.14) First Supplemental Indenture, dated as of May 16, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.3 to the NiSource Form 8-K](#) filed on May 16, 2024).
- (4.15) Second Supplemental Indenture, dated as of September 09, 2024, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Form 8-K](#) filed on September 09, 2024).
- (4.16) Form of 2.950% Notes due 2029 (incorporated by reference to [Exhibit 4.1 to NiSource Inc. Form 8-K](#) filed on August 12, 2019).
- (4.17) Form of 3.600% Notes due 2030 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 8, 2020).
- (4.18) Form of 0.950% Notes due 2025 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.19) Form of 1.700% Notes due 2031 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.20) Form of 5.000% Notes due 2052 (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on June 10, 2022).
- (4.21) Form of 5.250% Notes due 2028 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on March 24, 2023).
- (4.22) Form of 5.400% Notes due 2033 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 9, 2023).
- (4.23) Form of 5.350% Notes due 2034 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on March 14, 2024).
- (4.24) Form of 6.950% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2054 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on May 16, 2024).
- (4.25) Form of 5.200% Notes due 2029 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on June 24, 2024).
- (4.26) Form of 6.375% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2055 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on September 09, 2024).
- (4.27) Form of 6.25% Notes due 2040 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 6, 2010).

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**NiSOURCE INC.**

- (4.28) Form of 5.95% Notes due 2041 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on June 10, 2011).
- (4.29) Form of 5.80% Notes due 2042 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on November 17, 2011).
- (4.30) Form of 5.25% Notes due 2043 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 14, 2012).
- (4.31) Form of 4.80% Notes due 2044 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 12, 2013).
- (4.32) Form of 5.65% Notes due 2045 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on October 7, 2013).
- (4.33) Form of 5.850% Notes due 2055 (incorporated by reference to [Exhibit 4.1 to the NiSource. Form 8-K](#) filed on March 27, 2025).
- (4.34) Form 5.350% Notes due 2035 (incorporated by reference to [Exhibit 4.1 to the NiSource. Form 8-K](#) filed on June 27, 2025).
- (4.35) Third Supplemental Indenture, dated as of November 7, 2025 between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on November 7, 2025).
- (4.36) Form of 5.750% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2056 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on November 7, 2025).
- (4.37) Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act (incorporated by reference to [Exhibit 4.32 to the NiSource Inc. Form 10-K](#) filed on February 12, 2025).
- (10.1) Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).\*
- (10.2) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to [Exhibit 10.21 to the NiSource Inc. Form 10-K](#) filed on February 19, 2013).\*
- (10.3) Amended and Restated Executive Deferred Compensation Plan, dated August 12, 2024 (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-Q](#) filed on October 30, 2024).\*
- (10.4) Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K](#) filed on August 26, 2005).
- (10.5) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to [Exhibit 10.30 to the NiSource Inc. Form 10-K](#) filed on February 27, 2009).
- (10.6) Form of Change in Control and Termination Agreement (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 10-Q](#) filed on August 2, 2017).\*
- (10.7) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement](#) to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
- (10.8) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of January 25, 2024 (incorporated by reference to [Appendix B to the NiSource Inc. Definitive Proxy Statement](#) to Stockholders for the Annual Meeting to be held on May 13, 2024, filed on April 1, 2024).
- (10.9) NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.4 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.10) Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.5 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).
- (10.11) Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.6 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*



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**NISOURCE INC.**

- (10.12) First Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates dated October 12, 2023 and effective November 1, 2020 (incorporated by reference to [Exhibit 10.24 to the NiSource Inc. Form 10-K](#) filed on February 21, 2024).\*
- (10.13) [NiSource Inc. Executive Severance Policy, as amended and restated effective January 1, 2026.](#)\* \*\*
- (10.14) NiSource Next Voluntary Separation Program, effective as of August 5, 2020 (incorporated by reference to [Exhibit 10.8 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.15) Seventh Amended and Restated Revolving Credit Agreement, dated as of December 11, 2025, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, JPMorgan Chase Bank, N.A., MUFG Bank, Ltd., and Wells Fargo Bank, National Association, as Co-Syndication Agents, Credit Suisse AG, New York Branch, Wells Fargo Bank, National Association, and Bank of America, National Association, as Co-Documentation Agents, Barclays Bank PLC and MUFG Bank, Ltd., as Co-Sustainability Structuring Agents, and Barclays Bank PLC, JPMorgan Chase Bank, N.A. MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, Wells Fargo Securities, LLC, BofA Securities, Inc., BMO Capital Markets Corp. and Mizuho Bank Ltd., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on December 11, 2025).
- (10.16) Third Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated October 28, 2025 (incorporated by reference to [Exhibit 10.2 to the NiSource Inc. Form 10-Q](#) filed on October 29, 2025).\*\*\*
- (10.17) [Amended and Restated Limited Liability Company Agreement of Generation Holdings II LLC, dated October 28, 2025.](#)\*\*\* \*\*
- (10.18) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).\*
- (10.19) First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 to the NiSource Inc. Form 10-K](#) filed on February 18, 2014).\*
- (10.20) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).\*
- (10.21) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed October 23, 2015).\*
- (10.22) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to NiSource Inc. Form 10-Q](#) filed on August 2, 2011).\*
- (10.23) Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to [Exhibit 10.3 to the NiSource Inc. Form 10-Q](#) filed on November 3, 2015).\*
- (10.24) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.18 to the NiSource Inc. Form 10-K](#) filed on February 22, 2017).\*
- (10.25) Form of Cash-Based Award Agreement (incorporated by reference to [Exhibit 10.41 of the NiSource Form 10-K](#) filed on February 28, 2020).\*
- (10.26) 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit A to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 19, 2020](#), filed on April 13, 2020).\*
- (10.27) First Amendment to the NiSource Inc. 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-Q](#) filed on May 4, 2022).\*
- (10.28) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-Q](#) filed on August 5, 2020).\*
- (10.29) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.53 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.30) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.54 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.31) Form of Special Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.55 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*

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**NiSource Inc.**

- (10.32) Form of Restricted Stock Unit Award Agreement.(incorporated by reference to [Exhibit 10.57 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.33) Form of Performance Share Unit Award Agreement (incorporated by reference to [Exhibit 10.58 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.34) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.59 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.35) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.60 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.36) Form of 2024 CEO RSU Award Agreement (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.37) Form of 2024 CEO PSU Award Agreement (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.38) Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.3 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.39) Form of PSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.48 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.40) [Form of 2025 CEO RSU Award Agreement.](#) \* \*\*
- (10.41) [Form 2025 CEO PSU Award Agreement.](#) \* \*\*
- (10.42) [Form of CEO RSU Award Agreement \(for awards on or after 2026\).](#) \* \*\*
- (10.43) [Form of CEO PSU Award Agreement \(for awards on or after 2026\).](#) \* \*\*
- (19.1) Securities Transaction Compliance Policy (incorporated by reference to [Exhibit 19.1 to the NiSource Inc. Form 10-K](#) filed on February 12, 2025).\*
- (21) [List of Subsidiaries.](#) \*\*
- (23) [Consent of Deloitte & Touche LLP.](#) \*\*
- (31.1) [Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#) \*\*
- (31.2) [Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#) \*\*
- (32.1) [Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#) \*\*
- (32.2) [Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#) \*\*
- (97.1) NiSource Inc. Compensation Recoupment Policy (incorporated by reference to [Exhibit 97.1 to the NiSource Inc. Form 10-K](#) filed on February 12, 2025).\*
- (101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. \*\*
- (101.SCH) Inline XBRL Schema Document.\*\*
- (101.CAL) Inline XBRL Calculation Linkbase Document.\*\*
- (101.LAB) Inline XBRL Labels Linkbase Document.\*\*
- (101.PRE) Inline XBRL Presentation Linkbase Document.\*\*
- (101.DEF) Inline XBRL Definition Linkbase Document.\*\*
- (104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

\* Management contract or compensatory plan or arrangement of NiSource Inc.

\*\* Exhibit filed herewith.

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**NiSOURCE INC.**

\*\*\* Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission (the “SEC”) upon request.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

**ITEM 16. FORM 10-K SUMMARY**

None.

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**NISOURCE INC.**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

|                                |                                                 |
|--------------------------------|-------------------------------------------------|
|                                | NiSource Inc.                                   |
|                                | (Registrant)                                    |
| Date: <u>February 11, 2026</u> | By: <u>/s/ LLOYD M. YATES</u>                   |
|                                | Lloyd M. Yates                                  |
|                                | President, Chief Executive Officer and Director |
|                                | (Principal Executive Officer)                   |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|                                     |                                                                                            |                                |
|-------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------|
| <u>/s/ LLOYD M. YATES</u>           | President, Chief Executive Officer,<br>and Director<br>(Principal Executive Officer)       | <u>Date: February 11, 2026</u> |
| <u>Lloyd M. Yates</u>               |                                                                                            |                                |
| <u>/s/ SHAWN ANDERSON</u>           | Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial Officer)   | <u>Date: February 11, 2026</u> |
| <u>Shawn Anderson</u>               |                                                                                            |                                |
| <u>/s/ GUNNAR J. GODE</u>           | Senior Vice President,<br>Chief Accounting & Tax Officer<br>(Principal Accounting Officer) | <u>Date: February 11, 2026</u> |
| <u>Gunnar J. Gode</u>               |                                                                                            |                                |
| <u>/s/ KEVIN T. KABAT</u>           | Chairman of the Board                                                                      | <u>Date: February 11, 2026</u> |
| <u>Kevin T. Kabat</u>               |                                                                                            |                                |
| <u>/s/ PETER A. ALTABEF</u>         | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Peter A. Altabef</u>             |                                                                                            |                                |
| <u>/s/ SONDRA L. BARBOUR</u>        | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Sondra L. Barbour</u>            |                                                                                            |                                |
| <u>/s/ THEODORE H. BUNTING, JR.</u> | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Theodore H. Bunting, Jr.</u>     |                                                                                            |                                |
| <u>/s/ ERIC L. BUTLER</u>           | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Eric L. Butler</u>               |                                                                                            |                                |
| <u>/s/ DEBORAH A. HENRETTA</u>      | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Deborah A. Henretta</u>          |                                                                                            |                                |
| <u>/s/ DEBORAH A.P. HERSMAN</u>     | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Deborah A. P. Hersman</u>        |                                                                                            |                                |
| <u>/s/ WILLIAM D. JOHNSON</u>       | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>William D. Johnson</u>           |                                                                                            |                                |
| <u>/s/ MICHAEL E. JESANIS</u>       | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Michael E. Jesanis</u>           |                                                                                            |                                |
| <u>/s/ CASSANDRA S. LEE</u>         | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>Cassandra S. Lee</u>             |                                                                                            |                                |
| <u>/s/ JOHN MCAVOY</u>              | Director                                                                                   | <u>Date: February 11, 2026</u> |
| <u>John McAvoy</u>                  |                                                                                            |                                |

**Exhibit 10.13**

# *NiSource*

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**POLICY SUBJECT:** Executive Severance Policy

**EFFECTIVE DATE:** January 1, 2026

**REVISED:** January 1, 2026

1. Purpose. NiSource Inc. (“NiSource”) originally established this policy in June 2002 to provide severance benefits to certain terminated employees of NiSource and its subsidiaries or affiliate entities (the “Company”) (as amended and restated, hereinafter referred to as the “Policy”). Benefits under this Policy shall be in lieu of any benefits available under the NiSource General Severance Policy or any other severance plan, program or policy maintained by the Company, (e.g., a 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 was amended and restated effective October 19, 2020, and amended January 1, 2026.
  2. Administration. The Policy is administered by the Compensation and Human Capital Committee of the Board of Directors of NiSource or its successor (“Committee”). The Committee has 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 B2 (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. The job level B2 generally equates to a short-term incentive
-

target of 40% or more. For purposes of this policy, the job level, and not the short-term incentive target, will control.

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 15<sup>th</sup> day of the 3<sup>rd</sup> 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 Company may 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:<br>Address:                                                                                                              |     | NiSource Inc.<br>801 E, 86th Avenue<br>Merrillville, Indiana 46410                  |     |
| Plan Name:                                                                                                                             |     | NiSource Executive Severance Policy (for Employee Job Level B2 and above)           |     |
| Plan Number                                                                                                                            | 537 | 537                                                                                 | 537 |
| Type of Plan:                                                                                                                          |     | Severance Policy-Welfare Benefits Plan                                              |     |
| Type of Administration                                                                                                                 |     | Self-Administered                                                                   |     |
| Policy Year:                                                                                                                           |     | Calendar year                                                                       |     |
| Employer Identification Number (EIN):                                                                                                  |     | 35-2108964                                                                          |     |
| Policy Administrator:                                                                                                                  |     | Compensation and Human Capital Committee of the Board of Directors of NiSource Inc. |     |
| Business Address and Phone Number:                                                                                                     |     | 801 E. 86th Avenue<br>Merrillville, Indiana 46410<br>877-647-5990                   |     |
| Agent for Service of Legal Process:                                                                                                    |     | Chief Human Resource Officer                                                        |     |
| (Address)                                                                                                                              |     | 801 E. 86th Avenue<br>Merrillville, Indiana 46410                                   |     |
| Service of legal process may also be made upon the Compensation and Human Capital 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 10.17**

***Execution Version***

AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
GENERATION  
HOLDINGS II LLC

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APPENDICES

Appendix A – Prohibited Competitors

**AMENDED & RESTATED**  
**LIMITED LIABILITY COMPANY AGREEMENT**

This AMENDED & RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this “Agreement”) of Generation Holdings II LLC, a Delaware limited liability company (the “Company”) is made and entered into as of October 28, 2025 (the “Effective Date”), by and among the Company, Generation Holdings I LLC, an Indiana limited liability company (the “NiSource Member”), BIP Orion Holdco L.P., a Delaware limited partnership (the “BIP Investor Member”), BIP Orion Holdco II L.P., a Delaware limited partnership (the “VCOC Investor Member” and together with the BIP Investor Member, the “Investor Members”), and solely for the purposes of Article VI, NiSource Inc., a Delaware corporation (the “Parent”). The Company, the NiSource Member, the BIP Investor Member, and the VCOC Investor Member are each sometimes referred to herein as a “Party” and, together, as the “Parties”.

**RECITALS**

1. On September 3, 2025, the NiSource Member formed the Company as a wholly-owned subsidiary of the NiSource Member.
2. On December 24, 2024, NIPSCO Holdings II LLC, a Delaware limited liability company and an indirect Subsidiary of the Parent (“NHII”) formed NIPSCO Generation LLC, an Indiana limited liability company (“GenCo”).
3. On September 17, 2025, the NiSource Member, the Parent, NHII, and certain Subsidiaries of the Parent completed an internal restructuring resulting in GenCo becoming a wholly-owned, direct Subsidiary of the Company.
4. On or prior to the Effective Date, the NiSource Member contributed assets to the Company with a Gross Asset Value equal to \$176,640,114.11.
5. Substantially concurrently with the Effective Date, but in no event later than two (2) Business Days from the date hereof, (a) (i) the BIP Investor Member contributed that certain cash contribution in an amount equal to \$27,192,862.37 (the “BIP Investor Initial Contribution”) and (ii) the VCOC Investor Member contributed that certain cash contribution in an amount equal to \$7,958,520.34 (the “VCOC Investor Initial Contribution”, and collectively, the “Investor Initial Contribution”) and (b) the Company distributed an amount equal to 100% of the Investor Initial Contribution to the NiSource Member.
6. In exchange for the BIP Investor Initial Contribution, the Company issued to the BIP Investor Member Membership Interests constituting a 15.3945% Percentage Interest.
7. In exchange for the VCOC Investor Initial Contribution, the Company issued to the VCOC Investor Member Membership Interests constituting a 4.5055% Percentage Interest.
8. Upon the execution and delivery of this Agreement, the NiSource Member will own Membership Interests constituting an 80.1% Percentage Interest, and the Investor Members will own, in the aggregate, a 19.9% Percentage Interest. The Parties collectively will own 100% of the Membership Interests.
9. The Parties desire to, and by the execution and delivery of this Agreement hereby do, amend and restate in its entirety the Limited Liability Company Agreement of the Company, dated as of the date hereof, in order to provide for, among other things, the admission of the Investor Members, the rights and responsibilities of the Parties with respect to the governance, financing and operation of the Company, and certain other matters relating to the business arrangements between the Parties with respect to the Company.

Therefore, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valid consideration the receipt of which is hereby acknowledged by each Party, and intending to be legally bound hereby, the Parties hereby agree as follows:

## **Article I GENERAL MATTERS**

Section 1.1 Formation. The Parent formed the Company as a limited liability company pursuant to the Act. The Members ratify the organization and formation of the Company and continue the Company, pursuant to the terms and conditions of this Agreement.

Section 1.2 Name. The name of the Company is "Generation Holdings II LLC".

Section 1.3 Purpose.

(a) The purpose of the Company is to, either on its own behalf or through its Subsidiaries, engage in all lawful business for which limited liability companies may be formed under the Act in furtherance of the following activities as permitted by or in support of the GenCo Declination and/or otherwise consistent with applicable Law at such time, including any applicable IURC rules and regulations (the "Company Business"):

(i) owning and operating a public utility engaged in the generation, marketing and sale of electricity, storage, capacity and other ancillary products thereto;

(ii) making direct or indirect investments in, or purchasing, developing, financing, constructing, commercializing, owning, operating or maintaining assets and facilities relating to the generation and sale of electricity, storage, capacity and other ancillary products thereto;

(iii) undertaking any business activities conducted as of the Effective Date by the Company or its Subsidiaries;

(iv) engaging in such other activities that (A) support any GenCo Offtake Agreement or (B) are permitted by or are in support of the the GenCo Declination; or

(v) engaging in such other activities that the Board deems necessary, convenient or incidental to the conduct, promotion or attainment of the activities described in the foregoing subclauses (i), (ii), (iii) and (iv).

(b) The Company shall not engage in any activity or conduct inconsistent with the Company Business or any reasonable extensions thereof.

Section 1.4 Registered Office. The address of the registered office of the Company in the State of Delaware is 251 Little Falls Drive, Wilmington Delaware, 19808.

Section 1.5 Registered Agent. The name of the registered agent of the Company for service of process on the Company in the State of Delaware is Corporation Service Company.

Section 1.6 Members.

(a) The NiSource Member and each Investor Member is hereby or was heretofore admitted to the Company as a Member, and hereby continues as such. Unless admitted to the Company as a Member as provided in this Agreement, no Person shall be, in fact or for any other purpose, a Member.

(b) No Member shall have any right to withdraw from the Company except as expressly set forth herein. No Membership Interest is redeemable or repurchasable by the Company at the option of a Member. Except as expressly set forth in this Agreement, no event affecting a Member (including dissolution, bankruptcy or insolvency) shall affect its obligations under this Agreement or affect the Company.

(c) The Members' names, addresses and Percentage Interests are set forth on the Schedule of Members attached to this Agreement as Schedule 1.

(d) No Member, acting in its capacity as a Member, shall be entitled to vote on any matter relating to the Company other than as specifically required by the Act or as expressly set forth in this Agreement.

(e) Except as otherwise expressly set forth in this Agreement, any matter requiring the action, consent, vote or other approval of the Members hereunder shall require action, consent, vote or approval of the Members owning at least a majority of the Membership Interests. Except as otherwise expressly set forth in this Agreement, the VCOC Investor Member hereby irrevocably makes, constitutes and appoints the BIP Investor Member as the VCOC Investor Member's true and lawful attorney-in-fact, with full power of substitution, to act, consent or otherwise approve any matter requiring action, consent or other approval by the VCOC Investor Member in such forms and on such terms and conditions as the BIP Investor Member may deem necessary or desirable. In addition, except as otherwise expressly set forth in this Agreement, the BIP Investor Member shall have the right and power to vote, and VCOC Investor Member grants to the BIP Investor Member its irrevocable proxy to vote, Membership Interests owned by the VCOC Investor Member, together with the Membership Interests owned by BIP Investor Member, with respect to, any matter requiring the consent, vote or other approval of the 19.9% Membership Interest held by the Investor Members, collectively. The execution of any documents by the BIP Investor Member on behalf of the VCOC Investor Member shall be conclusive evidence of its authority as attorney-in-fact or as the holder of the irrevocable proxy for the VCOC Investor Member and generally to act, consent, vote or otherwise approve any matter requiring the action, consent, vote or other approval of the Members under this Agreement. The VCOC Investor Member acknowledges the appointment of the BIP Investor Member as its attorney-in-fact and agrees that the appointment of the BIP Investor Member as its attorney-in-fact and the grant of the irrevocable proxy to the BIP Investor Member under this Section 1.6(e) is coupled with an interest and may not be revoked and will survive insolvency or bankruptcy of the VCOC Investor Member. The BIP Investor Member accepts its appointment and authorization to act as attorney-in-fact and as proxy holder for the VCOC Investor Member. Except as otherwise expressly set forth in this Agreement, the power and authority granted under this Section 1.6(e) will be exclusive.

(f) A Member shall automatically cease to be a Member upon Transfer of all of such Member's Membership Interests made pursuant to and in accordance with the terms of this Agreement. Immediately upon any such permissible Transfer, the Company shall cause such Member to be removed from Schedule 1 to this Agreement and to be substituted by the transferee or transferees in such Transfer, and, except as otherwise expressly provided for herein, such transferee or transferees shall be deemed to be a "Party" for all purposes hereunder and all references to the NiSource Member, the BIP Investor Member, or the VCOC Investor Member, as the case may be, shall be deemed to be references to such transferee or transferees (notwithstanding, in the case that more than one Person is a transferee of such Membership Interests, that such defined terms as used herein are singular in number).

Section 1.7 Powers. The Company shall have the power and authority to do any and all acts necessary or convenient to or in furtherance of the purposes described in Section 1.3, including all power and authority, statutory or otherwise, possessed by, or which may be conferred upon, limited liability companies under the Laws of the State of Delaware.

Section 1.8 Limited Liability Company Agreement. This Agreement shall constitute the "limited liability company agreement" of the Company for the purposes of the Act. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act in the absence of such provision, this Agreement shall control to the fullest extent permitted by the Act and other applicable Law.

Section 1.9 Issuance of Additional Membership Interests. Except for (a) the issuance of any Excluded Membership Interests or (b) the issuance of Membership Interests made pursuant to and in accordance with Section 5.1(c), Article VII, or as otherwise permitted herein, the Company shall not issue any new Membership Interests, or any securities convertible into Membership Interests or other Equity Interests of the Company, to any Third Party or to the Members other than in accordance with their respective Percentage Interests.

Section 1.10 No State Law Partnership. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint

venturer of any other Member by virtue of this Agreement, for any purposes, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. Nothing in this Section 1.10 shall control with respect to income tax treatment of the Company.

## **Article II MANAGEMENT**

Section 2.1 Directors. Subject to the provisions of the Act and any limitations in this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of a board of directors (the “Board” and each duly appointed and continuing member thereof from time to time, a “Director”), and no Member, by virtue of having the status of a Member, shall have any management power over the business and affairs of the Company or any actual or apparent authority to enter into Contracts on behalf of, or to otherwise bind, the Company. Without prejudice to such general powers, but subject to the same limitations, the Board shall be empowered to conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with applicable Law or this Agreement, as the Board shall deem to be in the best interest of the Company. Each Director is hereby designated as a “manager” of the Company within the meaning of Section 18-101 of the Act.

Section 2.2 Number of Directors; Proportional Appointment Rights.

(a) The authorized number of Directors constituting the Board shall be seven (7) Directors (the “Total Number of Directors”).

(b) The BIP Investor Member shall, as of the Effective Date, be entitled to appoint two (2) Directors, and the BIP Investor Member shall retain the right to appoint at least two (2) Directors for so long as the Investor Members collectively hold at least a 17.5% Percentage Interest in the aggregate. In the event that the Investor Members’ aggregate Percentage Interest is reduced below 17.5% but remains at or above a 9.9% Percentage Interest, the BIP Investor Member shall retain the right to appoint one (1) Director. In the event that the Investor Members’ aggregate Percentage Interest is reduced below 9.9%, the BIP Investor Member shall cease to be entitled to appoint a Director. Any Directors appointed by the BIP Investor Member are referred to herein as “Investor Directors”. The appointment of any particular proposed Investor Director shall be subject to the NiSource Member’s prior written consent of the identity of such individual prior to his or her appointment to the Board; provided however, that the NiSource Member shall not have any consent right over the appointment of a proposed Investor Director that is a Qualified Designee.

(c) In the event that the Investor Members’ aggregate Percentage Interest decreases below 17.5% or 9.9%, as applicable, if the BIP Investor Member fails to remove an Investor Director concurrently with such decrease in the Investor Members’ aggregate Percentage Interest to be in compliance with the BIP Investor Member’s Director appointment rights set forth in Section 2.2(b), then the NiSource Member may remove such appropriate number of Investor Directors from the Board such that the BIP Investor Member is in compliance with its Director appointment rights set forth in Section 2.2(b), such removal being effective immediately.

(d) The NiSource Member shall be entitled to appoint all of the remaining Total Number of Directors that the Investor Member is not entitled to appoint pursuant to Section 2.2(b). Directors appointed by the NiSource Member are referred to herein as “NiSource Directors”; provided, that any NiSource Director must be a Qualified Designee. The NiSource Member shall further be entitled to designate a NiSource Director to serve as the chairperson of the Board.

(e) For so long as the BIP Investor Member is entitled to appoint an Investor Director, the BIP Investor Member shall be further entitled to designate the Board Observer or any other individual (provided, that such designee is a Qualified Designee) (the “Designated Alternate”) in its place and stead in the event that the Investor Director is unable to attend such meeting (or meetings of Board committees, if any pursuant to Section 2.12). The Designated Alternate will be entitled to exercise the powers of the Investor Director at such meetings, and will be subject to all of the responsibilities of an Investor Director hereunder at such meeting as if they were an Investor Director. The appointment of such Designated Alternate shall be subject to the same approval right of the NiSource Member applicable to the Investor

Director under Section 2.2(b). If the Designated Alternate is serving in lieu of the Investor Director at any Board or committee meeting, the BIP Investor Member shall provide written notice to the NiSource Member of this fact prior to the commencement of such meeting (which notice may be by way of an email to the NiSource Directors), and such notice shall be recorded in the minutes of such meeting. For the avoidance of doubt, any references to approval or notice by the Investor Director in this Agreement will be deemed to refer to the Investor Director, and not the Designated Alternate, except in respect of the voting on matters presented at the meeting at which the Designated Alternate is attending. In the event that the Designated Alternate is also a Board Observer, at any Board or committee meeting in which he or she is serving as the Investor Director pursuant to this Section 2.2(e), he or she shall be deemed to be serving only as an Investor Director and not as a Board Observer at such meeting.

**Section 2.3 Removal of Directors.** Any one or more Directors may be removed at any time, with or without cause, by the Member that appointed such Director, and except as provided in Section 2.2(c), may not be removed by any other means. If a Director is convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction), or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, then the Member that appointed such Director shall, unless consented to by the NiSource Member in the case of an Investor Director and by the BIP Investor Member in the case of a NiSource Director, promptly remove such Director. Delivery of a written notice to the Company by a Member designating for removal of a Director appointed by such Member shall conclusively and with immediate effect constitute the removal of such Director, without the necessity of further action by the Company, the Board, or by the applicable removed Director. Each Director duly appointed by a Member pursuant to and in accordance with the provisions of Section 2.2 shall hold office until his or her resignation, death, permanent disability, removal pursuant to and in accordance with Section 2.2 or with this Section 2.3, or until a successor Director is duly appointed by the Member that appointed (and continues to be entitled to appoint) such Director.

**Section 2.4 Vacancies.** A vacancy shall be deemed to exist in case of the resignation, death, permanent disability or removal of any Director. The Member entitled to appoint a Director to the vacant directorship may appoint or elect a Director thereto to take office (a) immediately, (b) effective upon the departure of the vacating Director, in the case of a resignation, or (c) at such other later time as may be determined by such Member.

**Section 2.5 Acts of the Board; Voting.** Except as otherwise expressly set forth in this Agreement (including Section 8.1), a vote of a majority of the Directors present at a duly called and noticed meeting of the Board at which a quorum is present shall be required to authorize or approve any action of the Board. Every act of or decision taken or made by the Directors pursuant to the vote required by this Section 2.5 shall be conclusively regarded as an act of the Board.

**Section 2.6 Compensation of Directors.** The Board shall have the authority to fix the compensation of Directors for their service to the Company, if any. The Board shall reimburse the Directors for their respective reasonable, documented out-of-pocket expenses incurred for attendance at meetings of the Board consistent with the Company's then-applicable policies related to travel and expenses for directors or executive officers (or, if none exists, such travel and expense policies of Parent). Nothing herein shall be construed to preclude any Director from serving the Company or any of its Affiliates in any other capacity and receiving compensation therefor.

**Section 2.7 Meetings of Directors; Monthly Meetings; Notice.**

(a) **Board Meetings.** Except as provided pursuant to Section 2.10, meetings of the Board, both regular and special, for any purpose or purposes may be called at any time by the Board or by the Company at the request of any Director, by providing at least seven (7) calendar days' written notice to each Director unless the chairperson of the Board determines, acting reasonably, that there is a significant and time sensitive matter that requires shorter notice to be given, in which case a meeting of the Board may be called by giving at least forty-eight (48) hours' written notice to each Director. Regular Board meetings will be held quarterly. Each notice shall state the purpose(s) of and agenda (including any relevant presentation materials relating thereto) for the meeting and include all required information, including dial-in numbers or other applicable access information, in order to participate in the meeting by telephonic means, over the internet or by means of any other customary electronic communications equipment. Unless otherwise agreed by unanimous consent of the Board, no proposal shall be put to a vote of the Board unless it has been listed on the agenda for such meeting. Notice of the time and place of meetings shall be delivered personally or by telephone to each Director, or sent by e-mail or other electronic communication to any Director. Any notice given personally or by telephone shall be

communicated to the applicable Director. A Director may waive the notice requirement set forth in this Section 2.7 by any means reasonable in the circumstances, including by communication to one or more other Directors, and the presence of a Director at a meeting or the approval by a Director of the minutes thereof shall conclusively constitute a waiver by such Director of such notice requirement.

(b) Management Update Meetings. The Company shall have regular management meetings to update the Members (each, a “Management Update Meeting”) in such cadence and covering such matters as the officers shall determine in good faith, consistent with past practices of the other public utility Affiliates of the NiSource Member (including NHII); provided that such cadence and matters covered and manner thereof shall be adjusted to take into account the general nature of the Company Business. The management team shall circulate in advance of each such meeting (i) a presentation or other written materials reasonably detailing (a) financial results and operational key performance indicators for the prior period and (b) material developments since the prior meeting (as applicable to the Company’s stage of development, including providing any material progress reports provided to the Company by any engineering, procurement and construction contractors) and (ii), certain third-party reports (including for the avoidance of doubt, all such material third-party reports) prepared in connection with the Company Business in preparation for such Management Update Meeting. For so long as the Investor Members’ aggregate Percentage Interest is equal to or greater than the Investor Consent Threshold, and no Investor Member is a Defaulting Member, Representative(s) of the BIP Investor Member may attend, in an observational capacity, each Management Update Meeting, and the number of such attendees at such meetings may be reasonably restricted by the Company’s management team, consistent with past practices of the other public utility Affiliates of the NiSource Member (including NHII); provided, that all attendees shall be subject to customary confidentiality obligations and the terms with respect to sensitive materials set forth in Section 2.13 which are hereby incorporated by reference *mutatis mutandis*. The agenda and presentation materials for each Management Update Meeting shall be provided to attendees reasonably in advance of such Management Update Meeting. For the avoidance of doubt, this Section 2.7(b) shall not (i) confer any additional rights on any Investor Member with respect to the governance or operations of the Company and its Subsidiaries, other than the right to attend such Management Update Meeting in an observational capacity only, or (ii) restrict the officers or other members of the Company’s management team from meeting with the NiSource Member or its Affiliates outside of the context of the Management Update Meetings.

#### Section 2.8 Quorum.

(a) Except as otherwise expressly set forth herein, the presence (whether physical, telephonic, over the internet or by means of other customary electronic communications equipment) of a majority of the number of Directors then serving on the Board (without regard to the Total Number of Directors), including at least one Investor Director, at a meeting of the Board shall constitute a quorum of the Board for the transaction of all business thereat; provided, that if quorum fails at two (2) consecutive attempted meetings that are called pertaining to the same subject matter with proper notice due to the failure of the Investor Director(s) to attend, then at the third attempted meeting only a majority of the number of Directors then serving on the Board (without regard to the Total Number of Directors or the attendance of the Investor Director(s)) must be present in person, by telephone or other electronic means or by proxy in order to constitute a quorum for the transaction of business for purposes of conducting only those matters that were included on the agenda for the attempted meetings immediately preceding such third attempted meeting; provided, that, at least twenty-four (24) hours prior written notice of any rescheduled meeting is required to be provided to the other Directors.

(b) If a quorum is not present at any meeting of the Board, the Directors present at such meeting may adjourn the meeting, without notice other than announcement at the meeting.

#### Section 2.9 Place and Method of Meetings.

(a) Meetings of the Board may be held at any place, whether within or outside the State of Delaware or the State of Indiana, and meetings may be held, in whole or in part, by telephonic means, over the internet or by means of any other customary electronic communications equipment. The place at which (or, if applicable, the electronic communication methods by which) a meeting will be held may be specified in the applicable notice of the meeting.



(b) The Directors may participate in meetings of the Board by telephonic means, over the internet or by means of any other customary electronic communications equipment, and, to the fullest extent permitted by applicable Law, shall be deemed to be present at such meeting for all purposes, including for purposes of determining quorum and of voting.

Section 2.10 Action by the Board Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if a number of Directors the vote of whom would be minimally necessary to approve such action at a meeting of the Board shall individually or collectively consent in writing to such action; provided, that in order for such consent to be effective it shall have been provided to all Directors at least forty-eight (48) hours prior to its stated effectiveness, unless such prior notice is waived in writing by the Directors taking any such written action which includes at least one (1) Investor Director. Notwithstanding the foregoing, no action set forth in Section 8.1 that requires the consent of the BIP Investor Member shall be effected by written action entered into pursuant to this Section 2.10 without the BIP Investor Member's written consent. Any written actions of the Board may be in counterparts and transmitted by e-mail and shall be filed with the minutes of the proceedings of the Board. Such written actions shall have the same force and effect as a vote of the Board.

Section 2.11 Duties of Directors. Other than as set forth in Section 9.3, each member of the Board shall have fiduciary duties identical to those of directors of a business corporation organized under the General Corporation Law of the State of Delaware and except to the extent not permitted by applicable Law, no member of the Board shall be personally liable to the Company or its Members for monetary damages for breach of its fiduciary duties in such capacity. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Board, otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of the Board.

Section 2.12 Committees. The Board may create one or more committees of the Board, delegate responsibilities, duties and powers to such one or more committees, and appoint Directors to serve thereon. Each Director appointed to serve on any such committee shall serve at the pleasure of the Board, or otherwise in accordance with the terms of the resolution designating the applicable committee. Section 2.4, Section 2.7, Section 2.8, Section 2.9 and Section 2.10 shall each apply to any committee of the Board with the same terms applicable to the Board, *mutatis mutandis*. For each committee of the Board, the Board shall designate one Investor Director to serve on each such committee so long as the BIP Investor Member is entitled to appoint a Director pursuant to Section 2.2.

Section 2.13 Investor Member Board Observer. The BIP Investor Member shall be entitled to appoint one (1) Person (which shall be an individual) to serve as an observer of the Board (the "Board Observer") for so long (i) the BIP Investor Member is entitled to appoint only one (1) Investor Director, but in no event when the BIP Investor Member is entitled to appoint two (2) Investor Directors or (ii) the Investor Members' aggregate Percentage Interest is greater than or equal to 4.9% but in no event if the BIP Investor Member is entitled to appoint two (2) Directors, the identity of whom shall be subject to the prior written consent of the NiSource Member. The Board Observer shall have the right to receive notice of, attend and participate in all meetings of the Board (and any committee thereof) and to receive all information provided to Directors at the same time and in the same manner as provided to such Directors; provided, however, that the Company and the Board will be entitled to withhold access to any portion of the information and to exclude the Board Observer from any portion of any meeting of the Board (or any committee thereof) if the Company or the Board determines in good faith in reliance upon the advice of counsel that access to such information or attendance at such meeting (i) is reasonably necessary to preserve an attorney-client privilege of the Company or the Board or (ii) otherwise implicates any conflict of interest between any Investor Member, on the one hand, and a particular matter or transaction under consideration by the Board, on the other hand; provided, however, that the BIP Investor Member shall be notified of any intent to exclude the Board Observer in reliance on clause (ii) above in advance of any meeting from which the Board Observer is to be excluded to the extent reasonably practicable; provided, further, that, any Board Observer that is excluded shall only be excluded for such portion of the meeting during which such conflicted matter or transaction is being discussed. For the avoidance of doubt, the Board Observer shall not have any voting rights with respect to any matter brought before the Board and shall not be counted in any manner with respect to whether a quorum is present at a meeting of the Board, and (without limiting the Company's obligations to provide the Board Observer with notice of meetings of the Board and any committee thereof as set forth in this Section 2.13) no defect in the provision of notice to the Board Observer of any meeting of the Board shall be construed to constitute a defect in the provision of notice to Directors. The Board Observer shall be bound by the same confidentiality obligations as the Directors as set forth in Section 9.6. The BIP Investor Member may cause the Board

Observer to resign or appoint a replacement Board Observer from time to time by giving written notice to the Company. In the event that the Investor Members' aggregate Percentage Interest becomes less than 4.9%, the BIP Investor Member's rights under this Section 2.13 shall immediately cease. For the avoidance of doubt, the sole purpose of this Section 2.13 is to provide observation rights (subject to the limitations and conditions set forth in this Section 2.13) to an individual Representative of the BIP Investor Member, and in no event will any Board Observer be construed to be a third-party beneficiary of this Agreement, an agent of the Company of any kind or for any purpose, or have any other claim against the Company or the Members in relation to any matter whatsoever.

Section 2.14 Related Party Matters.

(a) The Parties acknowledge that certain Affiliates of the Company provide various services to the Company and its Subsidiaries and that all of such services shall continue in the ordinary course of business. All agreements between any member of the Outside Group, on the one hand, and the Company Group, on the other hand, (such transactions, "Affiliate Agreements"), shall be (i) entered into and carried out in a manner that, except as may be required by any applicable Law or Order, is (A) consistent with past practices and the corporate allocation and affiliate transaction policies of the Outside Group in effect at such time and (B) on terms and conditions that are pursuant to the corporate allocation policies and affiliate transaction policies of the Outside Group as of such time to the extent that they are non-discriminatory against the Company and its Subsidiaries and are generally consistent with the corporate allocation policies and affiliate transaction policies of the Outside Group, (ii) entered into and carried out in accordance with the requirements of any applicable Law or Order (including, for the avoidance of doubt, on such terms and conditions as may be required to obtain the approval of the applicable Governmental Body in respect of such transaction) and (iii) if applicable pursuant to Section 8.1, approved by the Board. Notwithstanding anything to the contrary in this Agreement, except as required by applicable Law, the NiSource Member shall ensure during the term of this Agreement that any methodologies used to allocate costs to the Company Group (i) are and will be consistently applied to other members of the Outside Group in a manner that does not have a disproportionate adverse impact on the Company or any of its Subsidiaries as compared to any member of the Outside Group and (ii) would not result in any fines or penalties that are imposed on any member of the Outside Group being allocated to the Company or any of its Subsidiaries. The NiSource Member shall also use commercially reasonable efforts to ensure corporate separateness from the NiSource Member and the other members of the Outside Group in a manner and consistent with the Company Group's and the Outside Group's respective past practices and applicable Law and Orders. The NiSource Member shall continue to audit its corporate services annually by its then current auditor in the ordinary course and shall share such audit with the BIP Investor Member (including any work papers and other supporting documentation reasonably requested by the BIP Investor Member (subject to its prior execution of a customary non-reliance letter agreement to the extent requested by such auditor)). Notwithstanding the foregoing, the Company will provide a copy of any Affiliate Agreement that is required to be filed with the IURC, to be entered into by the Company Group prior to such filing and will use commercially reasonable efforts to provide the BIP Investor with any material Affiliate Agreements to be entered into prior to such entry.

(b) Each Investor Member acknowledges and agrees that (i) the Company Group and the Outside Group prior to the Effective Date engaged in Affiliate Agreements, and continues to and will, pursuant to and in accordance with the provisions of Section 2.14(a), from and after the Effective Date engage in new Affiliate Agreements (including Genco Offtake Agreements), subject to the BIP Investor Member's approval rights under Section 8.1 (if applicable) and (ii) all services provided by any member of the Outside Group to any member of the Company Group as of the Effective Date shall or will remain outstanding and be payable in accordance with their terms or sooner as the Board determines in good faith is appropriate.

(c) In the event the Company and/or the NiSource Member becomes aware of any material breach or material default (it being understood that, for purposes of this clause (c), a breach or default will be deemed to be "material" if the reasonably expected amount of damages that would be sustained by the Company and its Affiliates as a result of such breach or default, or series of related breaches or defaults, would exceed \$100,000,000.00 in the aggregate, subject to an annual increase by the CPI Escalator) by any member of the Company Group or Outside Group under any Affiliate Agreement (an "Affiliate Agreement Default"), the Company and/or the NiSource Member, as applicable, shall promptly, but in any event within ten (10) Business Days after becoming aware of such Affiliate Agreement Default, send a written notice (an "Affiliate Agreement Default Notice") to the Company and the BIP Investor Member

setting forth in reasonable detail the nature of such Affiliate Agreement Default and the reasonable estimate of the current and future anticipated losses associated with such Affiliate Agreement Default (to the extent feasible to make a reasonable estimate at such time). After delivery of such Affiliate Agreement Default Notice to the BIP Investor Member, the Company (and, if the Company did not provide the Affiliate Agreement Default Notice, the NiSource Member) shall promptly provide the BIP Investor Member with any additional information reasonably requested by the BIP Investor Member and available to the NiSource Member relating to such Affiliate Agreement Default. The defaulting party under such Affiliate Agreement shall have (i) twenty (20) Business Days following the expiration of the applicable cure period in respect of such Affiliate Agreement, to fully cure any monetary Affiliate Agreement Default, and (ii) sixty (60) days following the expiration of the applicable cure period in respect of such Affiliate Agreement, to fully cure any non-monetary Affiliate Agreement Default, subject to and consistent with applicable Law and Orders, if capable of being cured. In the event that any material alleged Affiliate Agreement Default is not timely cured in accordance with the preceding sentence, the BIP Investor Member shall have the sole right to cause the Company and its Subsidiaries to take, or refrain from taking, any actions in connection with the enforcement of or compliance with the rights or obligations of the Company or any of its Subsidiaries under the terms of the applicable Affiliate Agreement. In addition to, and not in limitation of, the foregoing provisions of this Section 2.14(c), the Company shall notify the BIP Investor Member prior to, or within ten (10) days following, its execution of any new Affiliate Agreement or any material amendment to any Affiliate Agreement setting forth in reasonable detail the nature of such new Affiliate Agreement or such amendment and, upon request from the BIP Investor Member, shall provide copies of all Contracts relating to such new Affiliate Agreement or such amendment within five (5) Business Days of such request.

### **Article III OFFICERS**

#### **Section 3.1     Appointment and Tenure.**

(a)     The Board may, from time to time, designate officers of the Company to carry out the day-to-day business of the Company.

(b)     The officers of the Company shall be comprised of one or more individuals designated from time to time by the Board. Each officer shall hold his or her office for such term and shall have such authority and exercise such powers and perform such duties as shall be determined from time to time by the Board. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the officers shall be fixed from time to time by the Directors.

(c)     The officers of the Company may consist of a president, a secretary and a treasurer. The Board may also designate one or more vice presidents, assistant secretaries and assistant treasurers. The Board may designate such other officers and assistant officers and agents as the Board may deem necessary or appropriate.

Section 3.2     Removal. Any officer may be removed as such at any time by the Board, either with or without cause, in its discretion, subject to the consultation right of the BIP Investor Member set forth in Section 8.2.

Section 3.3     President. The president, if one is designated, shall be the chief executive officer of the Company, shall have general and active management of the day-to-day business and affairs of the Company as authorized from time to time by the Board, and shall be authorized and directed to implement all actions, resolutions, initiatives and business plans adopted by the Board.

Section 3.4     Vice Presidents. The vice presidents, if any are designated, in the order of their election, unless otherwise determined by the Board, shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe.

Section 3.5     Secretary; Assistant Secretaries. The secretary, if one is designated, shall perform such duties and have such powers as the Board may from time to time prescribe. The assistant secretaries, if any are designated, and unless otherwise determined by the Board, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 3.6 Treasurer; Assistant Treasurers. The treasurer, if one is designated, shall have custody of the Company's funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated from time to time by the Board. The treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render the president and the Board, when so directed, an account of all of his or her transactions as treasurer and of the financial condition of the Company. The treasurer shall perform such other duties and have such other powers as the Board may from time to time prescribe. If required by the Board, the treasurer shall give the Company a bond of such type, character and amount as the Board may require. The assistant treasurers, if any are designated, unless otherwise determined by the Board, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 3.7 Duties of Officers. Other than as set forth in Section 9.3 with respect to any Representative of Parent or its Affiliates who is also an officer of the Company, each officer of the Company (in such individual's capacity as an officer) will owe the Company, its Subsidiaries and the Members such fiduciary duties that apply to officers of a Delaware corporation. No provision of this Agreement will be deemed to limit or eliminate such fiduciary duties.

#### **Article IV DEFAULT; DISSOLUTION**

Section 4.1 Events of Default. The following shall constitute events of default (each, an "Event of Default") by the applicable Member under this Agreement:

- (a) any material breach of this Agreement by such Member;
- (b) any failure by such Member to make any Mandatory Capital Contribution pursuant to and in accordance with a Capital Request Notice issued pursuant to Section 5.1 or, with respect to an Additional Funding Requirement (as defined in Section 5.1) (other than a Mandatory Capital Contribution), a duly authorized officer of each of the Investor Members has affirmed in writing that such Investor Member would make such Additional Funding Requirement in its Response to Capital Call but failed to do so within the time period set forth in Section 5.1, in any case any such failure to fund by any Investor Member shall be deemed to be a failure to fund by all of the Investor Members;
- (c) any purported Transfer by such Member made other than pursuant to and in accordance with the terms and conditions of this Agreement;
- (d) any Event of Default (as defined in the NHII Operating Agreement) under the NHII Operating Agreement by a NHII Member which is an Affiliated NHII Member (which remains uncured after any applicable notice or cure period as provided therein including, for the avoidance of doubt, pursuant to Section 4.2 thereof); or
- (e) the filing of a petition seeking relief, or the consent to the entry of a decree or Order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by such Member or by any of its controlling Affiliates.

Section 4.2 Default Notice. If an Event of Default occurs, then any Member (other than the Defaulting Member) may deliver to the Company and to the Member subject to the Event of Default, including for the avoidance of doubt, any Event of Default (as defined in the NHII Operating Agreement) under the NHII Operating Agreement (the "Defaulting Member"; provided, that at any time the Defaulting Member is an Investor Member, then both Investor Members shall be deemed Defaulting Members until such Investor Member ceases to be a Defaulting Member according to the terms of this Agreement) a notice of the occurrence of such Event of Default, setting forth the circumstances of such Event of Default. If, within thirty (30) days following the delivery of such notice (or, with respect to an Event of Default set forth in Section 4.1(b), ten (10) days), the Defaulting Member has not cured the event giving rise to the Event of Default (if capable of being so cured), the provisions of this Agreement applicable to a "Defaulting Member" shall apply to such Defaulting Member and, in addition to any other rights and remedies provided under this Agreement, (i) if the Defaulting Member is an Investor Member,

the Defaulting Member's voting rights, including its approval rights in Section 8.1, shall be suspended and (ii) any net Available Cash required to be distributed to the Defaulting Member shall instead be distributed to the non-Defaulting Members, or the Company, as applicable, if such breach is capable of being cured by the payment of such amounts which such clauses (i) and (ii) shall apply as applicable (and such Member shall be considered a "Defaulting Member") until the applicable Event of Default and the material effects thereof have been cured (if capable of being so cured).

**Section 4.3     Dissolution.**

(a) Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the Company shall dissolve, and its affairs shall be wound up, upon either (i) the approval by the Board and the written consent of all of the Members or (ii) the entry of a decree of judicial dissolution under Section 18-802 of the Act (each, an "Event of Dissolution").

(b) Upon the occurrence of an Event of Dissolution, the Company will continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Members. No Member, acting in its capacity as such, will take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. All covenants contained and obligations provided for in this Agreement will continue to be fully binding upon the Members until such time as the property of the Company has been distributed pursuant to Section 5.3 and the certificate of formation of the Company has been canceled pursuant to the Act.

(c) After the occurrence of an Event of Dissolution, and after all of the Company's debts, liabilities and obligations have been paid and discharged or adequate reserves have been made therefor and all of the remaining assets of the Company have been distributed to the Members, the Company shall make necessary resolutions and filings to dissolve the Company under the Act.

**Article V  
CAPITAL CONTRIBUTIONS; DISTRIBUTIONS; ALLOCATIONS**

**Section 5.1     Capital Contributions.**

(a) If the Board determines that it is in the best interests of the Company to obtain additional equity capital for purposes of (i) developing, acquiring or maintaining Qualifying Core Assets or funding ordinary course operations of the Company Business (including with respect to any GenCo Offtake Agreement), (ii) satisfying the Company's or any of its Subsidiary's obligations to Third Parties (including in respect of the Indebtedness of the Company Group or under any Contract), (iii) complying with applicable Law or Order, or (iv) funding any Emergency Expenditures (any such determination by the Board an "Additional Funding Requirement"), then the Board may direct the Company to submit to the Members a written capital funding request notice (a "Capital Request Notice"), which Capital Request Notice shall set forth (A) the anticipated amount of, and the reason for, such Additional Funding Requirement, (B) each Member's requested share of such Additional Funding Requirement, which with respect to each Member shall equal such Member's Percentage Interest multiplied by the aggregate amount of the Additional Funding Requirement (such share, the "Pro Rata Request Amount") and (C) the funding date for such Additional Funding Requirement (the "Capital Request Funding Date"), which Capital Request Funding Date shall not be earlier than twenty (20) days following the date on which such Capital Request Notice is delivered to the Members except for any Capital Request Notices pertaining to Emergency Expenditures in which case the Capital Request Funding Date shall not be earlier than twelve (12) days, provided, that such Capital Request Notices shall not occur more frequently than monthly (except for any Capital Request Notice pertaining to an Emergency Expenditure); provided, further, that, any Capital Request Notice shall only be made to the extent the Board reasonably determines the additional equity capital requested will be timely spent following its contribution by the Members. Any Additional Funding Requirements for the period from the Effective Date and including the date that is seven (7) years from the Effective Date and which do not exceed the Maximum Investor Commitment shall be a "Mandatory Capital Contribution". Any Additional Funding Requirement shall require each Member to contribute its Pro Rata Request Amount; provided, that any obligations of the Investor Members under this Section 5.1(a) to contribute their respective Pro Rata Request Amounts shall be joint and several. Requests for additional equity capital other than pursuant to a Mandatory Capital Contribution shall be determined by the Board and each Member may, but shall not be obligated to, contribute its Pro Rata Request Amount as called for in the applicable Capital Request Notices; provided, that in the event the BIP Investor Member elects to contribute its Pro Rata Request Amount as called for

in the applicable Capital Request Notice and the VCOC Investor Member elects not to contribute its Pro Rata Request Amount, then the BIP Investor Member shall be required to fund the total Pro Rata Request Amount for the Investor Members, including such Pro Rata Request Amount allocated to the VCOC Investor Member. For the avoidance of doubt, other than (i) a Mandatory Capital Contribution pursuant to this Section 5.1, (ii) the joint and several obligations of the Investor Members to contribute their respective Pro Rata Request Amounts as set forth in this Section 5.1 and (iii) any obligation of the BIP Investor Member to fund on any Pro Rata Request Amount allocated to the VCOC Investor Member pursuant to the immediately the preceding sentence, no Member shall have any obligation to fund any such requests for additional equity capital unless such Member indicates it will do so in accordance with this Section 5.1. Upon the receipt of a Capital Request Notice, each Member shall, within twelve (12) days of such receipt, provide written notice to the Company and the other Members as to the extent to which such Member intends to fund its Pro Rata Request Amount, whether in whole, in part or not at all (a “Response To Capital Call”). If one Member indicates in its Response To Capital Call that it does not intend to fund its Pro Rata Request Amount in full, and any other Member had, prior thereto, submitted a Response To Capital Call indicating that it intends to fund a greater percentage than any such other Member of its Pro Rata Request Amount, then any such other Member will be entitled to amend its Response To Capital Call to reduce its percentage funding to an amount representing a percentage of its Pro Rata Request Amount not less than the lower percentage indicated in the other Member’s Response to Capital Call; provided, that no Investor Member shall be entitled to reduce its percentage funding pursuant to this sentence if the Member that indicated its intent not to fund its Pro Rata Request Amount in full is an Investor Member. If no Response to Capital Call is received within such twelve (12) days, the Member shall be deemed to have elected to not fund.

(b) If any Member refuses or fails to make all or any portion of its Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date (such Member, the “Non-Contributing Member”, and the unfunded amount, the “Unfunded Amount”), then the Company shall provide written notice thereof to the other Member(s) (the “Contribution Unfunded Amount Notice”); provided, that if the Non-Contributing Member is an Investor Member, the Investor Members jointly shall be deemed the Non-Contributing Member and all references in this Section 5.1(b) to the Pro Rata Request Amount of the Non-Contributing Member shall refer to the aggregate Pro Rata Request Amount of both Investor Members combined; and

(i) Excess Contribution. To the extent that the Non-Contributing Member contributes less than all of its Pro Rata Request Amount, and any other Member who is not a Non-Contributing Member (an “Over-Contributing Member”) has contributed a greater percentage of its Pro Rata Request Amount than the Non-Contributing Member, such Over-Contributing Member shall have the right to elect to (A) receive a special distribution of the amount of such excess (the “Excess Contribution”), such that the Excess Contribution is returned to such Over-Contributing Member (and the Company shall cause such special distribution to be made as promptly as practicable), (B) have such Excess Contribution be treated as a loan to the Company (consistent with the methodology in clause (ii)(A), below), (C) except in the event that the Non-Contributing Member is the NiSource Member, (1) have such Excess Contribution be treated as a contribution to capital of the Company (consistent with the methodology in clause (ii)(B), below) or (2) so long as the Non-Contributing Member is an Affiliated Member and solely if the Non-Contributing Member has an amount still outstanding under its Equity Commitment Letter under this Agreement, and only up to such amount, have such Excess Contribution be treated as a contribution to capital of NHII on behalf of a NHII Member designated by such Over-Contributing Member (consistent with the methodology in Section 5.1(b)(ii)(B) of the NHII Operating Agreement), which election shall be made by written notice to the Company and the other Members no later than ten (10) Business Days following the date of the Contribution Unfunded Amount Notice and may consist of any combination thereof. Further the Members hereby agree and acknowledge that any Excess Contribution (as defined in the NHII Operating Agreement) under the NHII Operating Agreement, which an Over-Contributing Member (as defined in the NHII Operating Agreement) under the NHII Operating Agreement has elected to be treated as a contribution to capital of the Company (i.e. Generation Holdings II LLC) pursuant to clause (C)(2) of Section 5.1(b)(i) of the NHII Operating Agreement, shall be deemed to be a capital contribution under this Agreement in respect of an Excess Contribution, in accordance with Section 5.1(b)(ii)(B), on behalf of the Member designated by such NHII Member.

(ii) Top-Up Right. A Member that has paid its full Pro Rata Request Amount (the “Contributing Member”; provided, that no Investor Member may be a Contributing Member if the other Investor Member has not paid its full Pro Rata Request Amount unless an Investor Member has funded the full Pro Rata Request Amount of any other Investor Member on behalf of such Investor Member) shall have the right (but not the obligation) to elect to contribute any portion of the Unfunded Amount in accordance with this Section 5.1(b) (X) as a loan to the Company or (Y) except in the event that the Non-Contributing Member is the NiSource Member, (1) as a capital contribution to the Company in accordance with the following procedures or (2) so long the Non-Contributing Member is an Affiliated Member and solely if the Non-Contributing Member has an amount still outstanding under its Equity Commitment Letter under this Agreement, and only up to such amount, as a capital contribution to NHII, in accordance with the procedures set forth below or in Section 5.1(b)(ii)(B) of the NHII Operating Agreement, as applicable, which election shall be made by written notice to the Company and the other Members no later than ten (10) Business Days following the date of the Contribution Unfunded Amount Notice and may consist of any combination thereof. Further the Members hereby agree and acknowledge that any Unfunded Amount (as defined in the NHII Operating Agreement) under the NHII Operating Agreement, which a Contributing Member (as defined in the NHII Operating Agreement) under the NHII Operating Agreement has contributed and elected to be treated as a contribution to capital to the Company (i.e. Generation Holdings II LLC) pursuant to clause (Y)(2) of Section 5.1(b)(ii) of the NHII Operating Agreement, shall be deemed to be a capital contribution in respect of an Unfunded Amount, in accordance with Section 5.1(b)(ii)(B), on behalf of the Member designated by such NHII Member.

(A) Loan. The Contributing Member may elect to advance all or a portion of the Unfunded Amount to the Company on behalf of the Non-Contributing Member, which advance shall be treated as a loan by the Contributing Member to the Company (an “Unfunded Amount Loan”) at an interest rate equal to a floating rate equal to the Wall Street Journal Prime Rate plus 0.75% per annum. Subject to the terms of this Agreement, each Unfunded Amount Loan shall be repaid out of any subsequent distributions made pursuant to Section 5.2 to which the Non-Contributing Member would otherwise be entitled under this Agreement, and such payments shall be applied first to the payment of accrued but unpaid interest on each such Unfunded Amount Loan and then to the payment of the outstanding principal, until such Unfunded Amount Loan is paid in full.

(B) Capital Contribution. Except in the event that the Non-Contributing Member is the NiSource Member, the Contributing Member may elect to contribute an amount equal to all or a portion of the Unfunded Amount to the Company. If the Contributing Member elects to contribute to the Company all or a portion of the Unfunded Amount, then, on or after the earlier of the date that the Non-Contributing Member indicates it will not cure the failure to fund its full Pro Rata Request Amount and the thirtieth (30<sup>th</sup>) day following the date of the Contribution Unfunded Amount Notice, the Company shall issue to the Contributing Member the amount of additional Membership Interests that can be purchased for such funded amount at a price per Membership Interest equal to ninety percent (90%) of the Fair Market Value of the Company (measured as of the date that such contribution is to be made) per Membership Interest until the NiSource Member has purchased up to \$1,325,000,000.00 of additional Membership Interests pursuant hereto in respect of any Unfunded Amount, and thereafter at Fair Market Value of the Company, and the Contributing Member’s and the Non-Contributing Member’s respective Percentage Interests will be adjusted accordingly. For the avoidance of doubt, this subsection shall in all respects not be subject to the rights and procedures set forth in Section 7.1.

(C) Cure Right. Notwithstanding anything to the contrary in this Section 5.1, on or before the thirtieth (30<sup>th</sup>) day following the date of the Contribution Unfunded Amount Notice, a Non-Contributing Member may make a contribution to the Company equal to the sum of the Unfunded Amount plus, if the Contributing Member already made an Unfunded Amount Loan in respect of such Unfunded Amount, any interest accrued on the Unfunded Amount Loan, following which (1) the Unfunded Amount advanced by the Contributing Member to the Company together with any such interest shall be paid to the Contributing Member, and (2) the former Non-Contributing Member shall be deemed to have cured its failure to pay the Pro Rata Request Amount prior to the Capital Request Funding Date with respect to the applicable Capital Request Notice.

For the avoidance of doubt, the remedies set forth in Section 5.1(b)(ii)(B) shall not apply to an Event of Default by the NiSource Member.

(c) If the Non-Contributing Member is an Investor Member and it refuses or fails to make its full Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date and the Contributing Member has not fully funded the Unfunded Amount in accordance with Section 5.1(b), then on or after the thirtieth (30<sup>th</sup>) day following the date of the applicable Contribution Unfunded Amount Notice, the Board may authorize the Company to seek additional equity funds on commercially reasonable terms from a Third Party in an amount up to the difference between the total Additional Funding Requirement requested and the total funds received by the Company from the Non-Contributing Member and the Contributing Member (including any additional funds that the Contributing Member may have contributed pursuant to Section 5.1(b)), and to issue Membership Interests to Third Parties in connection therewith pursuant to this Section 5.1(c). The terms and rights of the Membership Interests issued pursuant to this Section 5.1 must be on terms no better than the Membership Interests that would have been issued to the applicable Member had they been a Contributing Member. If the Board determines to seek additional equity funds from and issue Membership Interests to a Third Party pursuant to this Section 5.1(c), then the Company must consummate such issuance within 180 days following the Capital Request Funding Date. If such issuance is not consummated within such 180-day period, then the Company's right to so issue Membership Interests to a Third Party in connection with the applicable Additional Funding Requirement shall be lapsed, and the Company shall not thereafter issue any Membership Interests to a Third Party in connection with such Additional Funding Requirement; provided, that, if a definitive agreement providing for such issuance is executed prior to the expiration of such 180-day period but the issuance has not been consummated at the expiration of such period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such issuance, then such period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of such original expiration date and the consummation of the issuance provided for in such definitive agreement; provided, further, that the Company shall have used its reasonable best efforts in seeking such authorizations, approvals and consents. Upon the completion of such issuance of Membership Interests pursuant to this Section 5.1(c), the Company shall give written notice to the Members of such issuance, which notice shall specify (i) the total number of new Membership Interests issued, (ii) the price per Membership Interest at which the Company issued the Membership Interests, and (iii) any other material terms of the issuance. Upon the issuance of new Membership Interests pursuant to this Section 5.1(c), the Contributing Member's and Non-Contributing Member's respective Percentage Interest will be adjusted accordingly. In no event shall any such issuance be subject to Section 7.1 or 8.1.

(d) If a Member does not make a Mandatory Capital Contribution or indicates in its Response to Capital Call that it shall make its Pro Rata Request Amount but then does not fund such amounts, such Member shall be a Defaulting Member, provided, that at any time the Defaulting Member is an Investor Member, then both Investor Members shall be deemed Defaulting Members until such Investor Member ceases to be a Defaulting Member according to the terms of this Agreement.

(e) In the event that there is an Investor Call Trigger, the NiSource Member (or its Affiliate) may (but is not required to), at its option at any time, acquire all (but not less than all) of the Membership Interests held by the Investor Members (the "Call Right") by giving written notice (the "Call Notice") to the BIP Investor Member of its election to exercise the Call Right; provided, that, other than with respect to clause (ii) or (iii) of the definition of Investor Call Trigger, the applicable Investor Member shall have sixty (60) days following the Call Notice to cure the event giving rise to the Call Notice, if capable of being so cured (the "Cure Period"). The purchase price payable by the NiSource Member in connection with the exercise of the Call Right shall be equal to the product of (i) with respect to an Investor Call Trigger pursuant to clause (i) of the definition thereof, ninety percent (90%) of the Fair Market Value of the Company; (ii) with respect to an Investor Call Trigger pursuant to clause (ii) of the definition thereof, one hundred percent (100%) of the Fair Market Value of the Company; and (iii) with respect to an Investor Call Trigger pursuant to clause (iii) of the definition thereof, the greater of one hundred percent (100%) of the Fair Market Value of the Company or such amount which would satisfy the Spin Return Threshold (in each case, measured as of the date of the delivery of the Call Notice to the BIP Investor Member), multiplied (ii) by a fraction, (A) the numerator of which is the number of Membership Interests



that the Investor Members own in the aggregate at such time and (B) the denominator of which is the total number of Membership Interests then outstanding (the amount equal to such product, the “Call Exercise Price”). If the Call Right is exercised by the NiSource Member, each of the Parties shall take all actions as may be reasonably necessary to consummate the transactions contemplated by this Section 5.1(e) as promptly as practicable, but in any event not later than thirty (30) days after the end of the Cure Period, or so long as necessary to obtain all required authorizations, approvals, or consents (such period, the “Call Consummation Period”), including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary; provided, that, with respect to an Investor Call Trigger pursuant to clause (iii) of the definition thereof, the closing of the Call Right shall occur concurrently with or immediately prior to the underlying spin-off, split-off or similar transaction giving rise to the Call Right. If either Investor Member fails to take all actions necessary to consummate the Transfer of the Membership Interests held by it in accordance with this Section 5.1(e) prior to the expiration of the Call Consummation Period, then the Investor Members jointly shall be deemed to be in material breach of this Agreement for purposes of Article IV and for all other purposes hereunder, shall be deemed a Defaulting Member, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the NiSource Member to be the Investor Members’ agent and attorney to execute all necessary documentation and instruments on its behalf to Transfer the Investor Member’s Membership Interests to the Company as the holder thereof, in each case consistent with the provisions of this Section 5.1(e). At the consummation of any purchase and sale pursuant to this Section 5.1(e), the Investor Members shall sell to the NiSource Member all of the Membership Interests owned by the Investor Members in exchange for the Call Exercise Price. Contemporaneously with its receipt from the NiSource Member of the Call Exercise Price, the Investor Members shall Transfer to the NiSource Member all of the Membership Interests owned by the Investor Members, free and clear of all Liens. The Members and the Company acknowledge and agree that they shall cooperate reasonably to obtain any necessary authorization, approval or consent of any Governmental Body to consummate the transactions contemplated by this Section 5.1(e). For the avoidance of doubt, in the event the Call Right is exercised, the BIP Investor Member may request the Fair Market Value be determined in accordance with Section 13.15, regardless of the Investor Members’ aggregate Percentage Interest at such time.

(f) The BIP Investor Member has delivered to the Company on the Effective Date the Equity Commitment Letter. In the event that either Investor Member fails to make any Mandatory Capital Contribution from the Effective Date to and including the seventh (7<sup>th</sup>) anniversary of the Effective Date, and so long as the Maximum Investor Commitment has not been fully paid, the Company shall be entitled to enforce the Equity Commitment Letter for any portion of the Investor Members’ aggregate Pro Rata Request Amount, in addition to the other remedies provided herein (with the Directors appointed by the BIP Investor Member abstaining from determining any such enforcement).

#### Section 5.2 Distributions Generally.

(a) Except as otherwise provided herein and subject to Section 5.2(b), Section 5.2(c), and the Act, no later than seventy-five (75) days after the end of each fiscal quarter, the Company shall make distributions of the amount of Available Cash. The Company may make such other more frequent distributions (including interim distributions) at such times and in such amounts as the Board may determine.

(b) Except as otherwise provided herein (including the fourth Recital of this Agreement), all distributions shall be paid to the Members only in cash and in the same proportion as their respective Percentage Interest; provided, that, in the case of distributions to be paid in respect of any period during which the Percentage Interest of the Members changed, such distributions shall be prorated to reflect the Percentage Interest of the Members on each day of such measurement period, and the Company and the Members shall take such action as necessary to effectuate such proration.

(c) With respect to each taxable year, at such times necessary to allow the Members to timely satisfy all of their U.S. federal, state and local and non-U.S. tax liabilities, prior to any distributions pursuant to Section 5.2(a) and subject to Available Cash and any restrictions contained in any loan agreement or other contract to which the Company is a party or by which it is bound, the Company shall make cash distributions (“Tax Distributions”) to each Member equal to such Member’s quarterly Assumed Tax Liability determined based on the Board’s good faith estimate of the projected Profits for

such taxable year; provided, however, that to the extent a Member would otherwise be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 5.2(c) on any given date, then the Tax Distributions to such Member shall be increased, as necessary, to ensure that all such Tax Distributions made pursuant to this Section 5.2(c) are made pro rata in accordance with the Members' respective Percentage Interests. The Company and the Board shall not have any liability to any Member for penalties arising from non-payment or incorrect estimates of such Member's estimated tax payments. Any distributions made pursuant to this Section 5.2(c) shall be treated for purposes of this Agreement as having been distributed pursuant to Section 5.2(a) and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 5.2(a). To the extent the Company does not have sufficient funds and thereby is unable to pay to the Members the full amount of any Tax Distribution otherwise payable pursuant to this Section 5.2(c), the Company shall pay the amount of such shortfall to the Members (pro rata, in accordance with the amount of any such shortfall then owing to such Members) as promptly thereafter as such funds become available. If with respect to any taxable year, the aggregate amount of distributions made to a Member under this Section 5.2(c) is in excess of the amount that would result from the application of this Section 5.2(c) to the entire taxable year, then the amount of such excess shall be treated as an advance against, and shall reduce the amount of, any future distributions made with respect to such Member pursuant to this Section 5.2(c), but shall not reduce Tax Distributions made to a Member to provide such Member with its pro rata Percentage Interest of Tax Distributions.

(d) Notwithstanding the terms of this Section 5.2 and any other provision of this Agreement, (i) the Company shall not make any distribution to any Member on account of its Membership Interests to the extent such distribution would violate the Act, other applicable Law or an Order, and (ii) a Member may direct the payment of part or all of any distribution to another Person by providing written notice of such direction to the Company.

Section 5.3 Distributions upon the Occurrence of an Event of Dissolution. Upon the occurrence of an Event of Dissolution, the Board will proceed, subject to the provisions herein, to wind up the affairs of the Company, liquidate and distribute the remaining assets of the Company (provided, however, that all distributions shall be paid to the Members only in cash and in accordance with their Percentage Interests) and apply the proceeds of such liquidation in the order of priority in accordance with Section 18-804 of the Act or as may otherwise be agreed to by the Members. If the assets of the Company remaining after the payment or discharge of all debts and liabilities of the Company are insufficient to return capital contributions of each Member, such Member shall have no recourse against the Company or any other Member.

Section 5.4 Capital Accounts.

(a) A separate Capital Account for each Member shall be established on the books and records of the Company in compliance with Section 704(b) of the Code and the Treasury Regulations. The initial Capital Accounts, immediately following the contribution and distribution of the Initial Investor Contribution, of each Member are set forth on Schedule 1. This Section 5.4(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Treasury Regulation, as determined by the Board in its reasonable discretion.

(b) No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 5.5 Withdrawal of Capital; Interest. Except as expressly provided in this Agreement, (a) no Member may withdraw capital or receive any distributions from the Company and (b) no interest shall be paid by the Company on any capital contribution or distribution.

Section 5.6 Allocation of Profits and Losses.

(a) Subject to Section 5.6(b), and after the application of the allocation rules in Section 5.7, Profits and Losses and, if the Board in its discretion determines it to be necessary, individual items thereof, for an Allocation Year (or other relevant period) shall be allocated among the Members for such Allocation Year (or other relevant period) in a manner determined by the Board so as to produce, as nearly as possible, the sum of (a) the Capital Account balance for each Member at the end of such Allocation Year (or other relevant period) and (b) such Member's share of Company Minimum Gain and

Member Nonrecourse Debt Minimum Gain, if any, equal to the hypothetical cash that would be distributed to such Member if (x) the Company were dissolved, its affairs wound up and its assets sold for an amount of hypothetical cash equal to the sum of the Gross Asset Values of the assets at the end of such Allocation Year (or other relevant period), (y) the Company paid all of its liabilities in accordance with their terms up to the amount of the hypothetical cash (limited with respect to each Nonrecourse Liability to the Gross Asset Value of the asset securing such liability), and (z) the remaining hypothetical cash from the deemed sale were immediately distributed to the Members in accordance with Section 5.3.

(b) Notwithstanding the foregoing provisions of Section 5.6(a), the Losses (or items of expense or deduction or loss) allocated pursuant to Section 5.6(a) shall not exceed the maximum amount that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Year (or other relevant period). In the event some, but not all, of the Members would have an Adjusted Capital Account Deficit as a consequence of an allocation of Losses pursuant to Section 5.6(a), the limitation set forth in this Section 5.6(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member under Treasury Regulations Section 1.704-1(b)(2)(ii)(d). All Losses (or items of expense or deduction or loss) in excess of the limitation set forth in this Section 5.6(b) shall be allocated to other Members in accordance with the positive balances in such Members' Adjusted Capital Accounts so as to allocate the maximum permissible Losses to each Member under Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

Section 5.7 Special Allocations. Any allocation of Profits and Losses (or items thereof) for purposes of maintaining Capital Accounts will, however, be subject to any adjustment required to comply with Treasury Regulations Sections 1.704-1 and 1.704-2, including the following adjustments and special allocations which shall be made in the following order of priority and prior to any allocation under Section 5.6(a):

(a) Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article V, if there is a net decrease in Company Minimum Gain during an Allocation Year (or other relevant period), then each Member shall be specially allocated items of Company income and gain for such Allocation Year (or other relevant period) (and, if necessary, for subsequent Allocation Years (or other relevant periods)) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.7(a) is intended to comply with the minimum gain chargeback requirement of Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article V, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year (or other relevant period), then each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Allocation Year (or other relevant period) (and, if necessary, for subsequent Allocation Years (or other relevant periods)) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Treasury Regulations Section 1.704-2(i)(4). The items to be allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.7(b) is intended to comply with the Member nonrecourse debt minimum gain chargeback requirement of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) resulting in, or increasing, an Adjusted Capital Account Deficit for such Member, then items of Company income and gain shall be specially allocated to all such Members in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 5.7(c) shall be made only if and to the extent that such Member would have an Adjusted

Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.7(c) were not in this Agreement. It is intended that this Section 5.7(c) qualify and be construed as a “qualified income offset” within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) If any Member has an Adjusted Capital Account Deficit at the end of any Allocation Year (or other relevant period) in excess of the sum of (A) the amount such Member is required to restore pursuant to the provisions of this Agreement and (B) the amount such Member is deemed obligated to restore pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such deficit as quickly as possible; provided, however, that an allocation pursuant to this Section 5.7(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 5.7 have been tentatively made as if Section 5.7(c) and this Section 5.7(d) were not in this Agreement.

(e) To the extent that an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Membership Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(f) The Nonrecourse Deductions for each Allocation Year (or other relevant period) shall be allocated to the Members in proportion to their relative Percentage Interests.

(g) The Member Nonrecourse Deductions shall be allocated each Allocation Year (or other relevant period) to the Member that bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

(h) The allocations set forth in Section 5.7(a) through Section 5.7(g) (collectively, the “Regulatory Allocations”) are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the parties to this Agreement that, to the extent possible, all Regulatory Allocations will be offset in the current Allocation Year or future Allocation Years either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Article V. Therefore, notwithstanding any other provision of this Section 5.7(h) (other than the Regulatory Allocations), the Board shall make such offsetting special allocations of Company income, gain, loss, or deduction (to the extent permissible) among the Members so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 5.6(a).

#### Section 5.8 Other Allocation Rules for Profits and Losses for Capital Accounts.

(a) In the event Members are admitted to the Company pursuant to this Agreement on different dates, the Company items of income, gain, loss, deduction, and credit allocated to the Members for each Allocation Year during which Members are so admitted shall be allocated among the Members in proportion to their respective interests during such Allocation Year using any reasonable convention permitted by Section 706 of the Code and selected by the Board (or its designee).

(b) In the event a Member transfers its Membership Interests during an Allocation Year, the allocation of Company items of income, gain, loss, deduction, and credit allocated to such Member and its transferee for such Allocation Year shall be made between such Member and its transferee in accordance with Section 706 of the Code using any reasonable convention permitted by Section 706 of the Code and selected by the Board (or its designee).

#### Section 5.9 Tax Allocations; Code Section 704(c) Allocations.

(a) Except as provided in this Section 5.9, for income tax purposes under the Code and the Treasury Regulations each Company item of income, gain, loss, deduction and credit shall be allocated among the Members in the same manner as its correlative item of Profit and Loss for the Allocation Year (or other relevant period).

(b) In accordance with Code Section 704(c) and the Treasury Regulations, items of income, gain, loss, and deduction with respect to any property of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted tax basis of such property and its initial Gross Asset Value pursuant to any permissible method under the Treasury Regulations as may be determined by the Partnership Representative in its discretion; provided, however, with respect to any Company asset that is contributed to the Company with a Gross Asset Value that varies from its basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated among the Members for income tax purposes using the “traditional method,” with no “curative allocation” of income or gain to offset any “shortfall” in depreciation that results by reason of the use of the “traditional method,” as defined in Treasury Regulations Section 1.704-3(b), including upon sale of any property or upon the a subsequent issuance of additional membership interests, an in-kind contribution of property to the Company in exchange for membership interest, or a redemption of membership interests.

(c) If any portion of gain recognized from the disposition of assets by the Company represents the “recapture” of previously allocated deductions by virtue of the application of Code Section 1245 or 1250 (the “Recapture Gain”), such Recapture Gain shall be allocated, solely for income tax purposes, in accordance with Treasury Regulations Sections 1.1245-1(e)(2) and (3) and 1.1250-1(f).

(d) Tax credits and tax credit recapture shall be allocated among the Members in accordance with any reasonable method selected by the Board (or its designee) that is permitted by applicable tax laws.

(e) Unless otherwise provided in this Section 5.9, any material elections or other decisions relating to allocations for income tax purposes, including selecting any allocation method under Treasury Regulation Section 1.704-3, shall be made by the Board and shall reflect the economic intent of parties.

(f) Allocations pursuant to this Section 5.9 are solely for income tax purposes and shall not affect, or in any way be taken into account in computing, any Member’s Capital Account.

Section 5.10 Allocation of Liabilities. The liabilities of the Company shall be allocated to the Members in any manner permitted under Code Section 752 and Treasury Regulations promulgated thereunder and as selected by the Board (or its designee).

Section 5.11 Compliance with Tax Laws. The allocation rules set forth in Section 5.6 through Section 5.10 are intended to comply with the Code and Treasury Regulations and to ensure that all allocations under this Article V are respected for United States federal income tax purposes and shall be interpreted consistently with such intent. If, for any reason, the Board determines that any provision of Section 5.6 through Section 5.10 does not comply with the Code or Treasury Regulations or that the allocations under this Article V may not be respected for United States federal income tax purposes, the Board may, subject to the next sentence, take all reasonable actions, including amending this Article V or adjusting a Member’s Capital Account or how Capital Accounts are maintained, to ensure compliance with the Code and Treasury Regulations and that the allocations provided for in this Article V shall be respected for United States federal income tax purposes. Nothing in this Section 5.11 shall permit any changes to the provisions of Section 5.2 or Section 5.3.

## **Article VI TRANSFERS OF MEMBERSHIP INTERESTS**

### **Section 6.1 General Restriction.**

(a) No Member shall Transfer any of its Membership Interests except pursuant to and in accordance with this Article VI. Any purported Transfer by any Member of its Membership Interests in violation of this Section 6.1(a), or without compliance in all respects with the provisions of this Article VI pertaining to such purported Transfer, shall be invalid and void ab initio, and such purported Transfer by such Member shall constitute a material breach of this Agreement for purposes of Article VI.

(b) Subject to Section 6.2, neither Investor Member may Transfer any of its Membership Interests to any Person prior to the date that is the seventh (7<sup>th</sup>) anniversary of the Effective Date (the “Lock-Up Period”) other than with the prior written consent of the NiSource Member. After the expiration of the Lock-Up Period, each Investor Member, as applicable, may Transfer its Membership Interests in accordance with this Article VI. Notwithstanding the forgoing, each Investor Member may at any time Transfer Membership Interests in compliance with Section 6.2.

(c) Transfers by Members in accordance with and pursuant to this Article VI shall entitle each applicable transferee to the rights and obligations of the transferor under this Agreement.

(d) The Investor Members and the NiSource Member acknowledge any indirect Transfers of any Member’s Membership Interest shall be deemed a Transfer by such Member hereunder.

(e) The Parent has joined this Agreement solely for the purpose of acknowledging the obligations of the NiSource Member under this Article VI.

Section 6.2 Transfers to Permitted Transferees; Liens by Members.

(a) Notwithstanding Section 6.1, each Member may Transfer at any time all or any portion of the Membership Interests held by it to any one of its Permitted Transferees; provided, that, in connection with any such Transfer, (a) such Permitted Transferee shall, in writing, assume all of the rights and obligations of the transferring Member as a Member under this Agreement and as a Party hereto with respect to the Transferred Membership Interests, (b) such Permitted Transferee is as creditworthy as the transferring Member and provides evidence thereof to the non-transferring Members, (c) the transferring Member remains liable for all liabilities and obligations of the Permitted Transferee, and (d) effective provision shall be made whereby such Permitted Transferee shall be required, prior to the time when it shall cease to be a Permitted Transferee of the transferring Member, to Transfer such Membership Interests to the transferring Member or to another Person that would be a Permitted Transferee of the transferring Member as of such applicable time. In the event that a Member (including, as the case may be, a Permitted Transferee) intends to Transfer its Membership Interests to a Permitted Transferee, such transferring Member or the Permitted Transferee, as applicable, shall notify the other Members and the Company of the intended Transfer at least twenty (20) Business Days prior to the intended Transfer.

(b) Each Member shall be permitted to directly or indirectly Encumber its Membership Interests or any Equity Interests in such Member in connection with any debt financing, the proceeds of which have been or will be used by such Member to finance its purchase of such Membership Interests (whether in respect of an issuance of new Membership Interests by the Company or the purchase of existing Membership Interests from a Member or the refinancing of any such debt financing in the future), to fund the capital expenditure needs of the Company and its Subsidiaries or to fund its capital needs for any Mandatory Capital Contribution and neither such Lien nor any commencement or consummation of foreclosure proceedings or exercise of foreclosure remedies by a secured party on a Member’s Membership Interests Encumbered in connection with any such debt financing shall, in either case, be considered a “Transfer” for any purpose under this Agreement; provided, that (i) such Member shall be obligated to promptly notify the other Members and the Company in writing following the commencement of any such foreclosure remedies or proceedings, (ii) in the event of the consummation of such a foreclosure, such Member will automatically cease to be deemed the owner of the Membership Interests so foreclosed and will cease to have any rights in respect thereof (with the financing source foreclosing on such Membership Interests succeeding to the rights and responsibilities of the Member hereunder), and (iii) the consummation of any such foreclosure will be subject to the receipt of any required authorization, approval or consent of all applicable Governmental Bodies; provided, further, following exercise of any foreclosure or similar rights, such lender or similar Person may not further Transfer such Membership Interests without complying with this Article VI, including, Section 6.3.

Section 6.3 Right of First Offer.

(a) Prior to any Transfer by a Member (each, a “Transferring Member”) of all or any portion of its Membership Interests other than to a Permitted Transferee of such Transferring Member, the Transferring Member must first offer to sell to the other Members (the “Non-Transferring Member”; provided, that (x) if the Transferring Member is an Investor Member, the other Investor Member shall not be deemed a Non-Transferring Member for any purpose under this Section 6.3 and (y) if the Transferring

Member is the NiSource Member, the Investor Members jointly shall be deemed the Non-Transferring Member for all purposes under this Section 6.3) all of its Membership Interests that it desires to sell (such Membership Interests to be offered for sale to the Non-Transferring Member pursuant to this Section 6.3, the “Subject Membership Interests”), in each case, in accordance with the procedures set forth in the provisions of this Section 6.3.

(i)

(A) If the Investor Member is the Transferring Member, the Investor Member shall first deliver to the Non-Transferring Member a written notice which shall be a binding offer (an “Investor Sale Notice”) setting forth the cash price and all other material terms and conditions at which the Investor Member is willing to sell the Subject Membership Interests to the Non-Transferring Member, which notice shall constitute an offer to the Non-Transferring Member to effect such purchase and sale on the terms set forth therein. Any such Investor Sale Notice shall be firm, not subject to withdrawal, and prepared and delivered in good faith. Within ninety (90) days following its receipt of an Investor Sale Notice, the Non-Transferring Member may accept the Investor Member’s offer and purchase the Subject Membership Interests at the cash price and upon the other material terms and conditions set forth in the Investor Sale Notice, in which event the closing of the purchase and sale of the Subject Membership Interests will take place as promptly as practicable, subject to customary closing conditions, including the receipt of required regulatory approvals.

(B) If the NiSource Member is the Transferring Member, the NiSource Member shall first deliver to the Non-Transferring Member a written right of first offer notice (a “NiSource Sale Notice”) describing the Subject Membership Interests and setting forth all other material terms and conditions (other than the cash price) upon which the NiSource Member is willing to sell the Subject Membership Interests to the Non-Transferring Member. The NiSource Sale Notice shall not be a binding offer and need not include a price. Within ninety (90) days following its receipt of a NiSource Sale Notice, the Investor Member (as the Non-Transferring Member) may deliver to the NiSource Member a written response setting forth the cash price and confirming the other material terms and conditions specified in the NiSource Sale Notice (the “Investor Offer”). The Investor Offer shall be a binding offer by the Investor Member to purchase the Subject Membership Interests on the terms set forth therein, shall be firm, not subject to withdrawal, and prepared and delivered in good faith, and shall remain open for acceptance by the NiSource Member for a period of ninety (90) days following the NiSource Member’s receipt thereof. The NiSource Member may accept the Investor Offer within such ninety (90)-day period, in which event the closing of the purchase and sale of the Subject Membership Interests will take place as promptly as practicable, subject to customary closing conditions, including the receipt of required regulatory approvals. If the NiSource Member does not accept the Investor Offer within such ninety (90)-day period, the Investor Offer shall be deemed rejected and shall terminate without further action by any party.

(ii) If the NiSource Member does not accept the offer made pursuant to the Investor Sale Notice or the Investor Offer within such ninety (90)-day period (or if the Investor Member does not make an Investor Offer within ninety (90) days following receipt of a NiSource Sale Notice), then the Transferring Member will, for a period of one hundred eighty (180) days commencing on the earlier of (A) the expiration of such ninety (90)-day period (or ninety (90) -day period if the Investor Member does not make an Investor Offer) and (B) the delivery of a written notice by the NiSource Member to the Investor Member rejecting the offer set forth in the Investor Sale Notice or Investor Offer, as applicable, (if any) (such one hundred eighty (180)-day period, the “Sale Period”), be entitled to sell the Subject Membership Interests to any one Third Party for (x) in the case of the NiSource Member being the Transferring Member, at any higher price than the price set forth in the Investor Offer (or at any price if the Investor Member does not make an Investor Offer) and (y) in the case of the Investor Member being the Transferring Member, at a price greater than one hundred and seven and a half percent (107.5%) of the price set forth in the Investor Sale Notice (the “Threshold Price”) and upon other terms and conditions (excluding price) that are not more favorable to the acquiror than those specified in the Investor Sale Notice or Investor Offer, as applicable, subject to the other terms of this Section 6.3 (including Section

6.3(e); provided, that, to the extent the Investor Member receives a price lower than the Threshold Price, the Investor Member will offer to sell such Subject Membership Interests at the offered price to the NiSource Member and the NiSource Member shall have thirty (30) days to accept such offer; provided, if the NiSource Member does not accept such offer or respond in that period, then the Investor Member may sell the Subject Membership Interests to the third party at the revised price that is below the Threshold Price. If such sale to any Third Party is not completed prior to the expiration of the Sale Period, then the process initiated by the delivery of the Investor Sale Notice or NiSource Sale Notice, as applicable, shall be lapsed, and the Transferring Member will be required to repeat the process set forth in this Section 6.3 before entering into any agreement with respect to, or consummating, any sale of Membership Interests to any Third Party; provided, that if a definitive agreement providing for the consummation of such sale is executed within the Sale Period but such sale has not been consummated at the expiration of the Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such sale, then the Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Sale Period and the consummation of the sale provided for in such definitive agreement; provided, that the Transferring Member shall have used efforts in seeking such authorizations, approvals and consents, consistent with its obligations under such definitive agreements in respect thereof.

(b) The Investor Members and their respective Permitted Transferees (if any) shall not be permitted to Transfer any of their Membership Interests to a Prohibited Competitor without the prior written consent of the NiSource Member. Within ten (10) Business Days after January 1 of each year, the NiSource Member shall have the right (i) to update the list of Prohibited Competitors set forth on Appendix (A) to replace no more than three (3) of the Prohibited Competitors with other Competitors designated by the NiSource Member, and (ii) in addition to any replacements pursuant to clause (i), to add up to two (2) additional Competitors designated by the NiSource Member to such list.

(c) No Transfer of Membership Interests by an Investor Member to any Third Party pursuant to Section 6.3(a)(ii) may be effected if it would, or would reasonably be expected to in the reasonable and good faith determination of the NiSource Member in consultation with the Board, (i) have a material and adverse effect on the Company Group or (ii) create a material risk of a material adverse regulatory consequence on any member of the Company Group or the Outside Group as a result of the identity of the Third Party transferee, any action taken or reasonably expected to be taken by any Governmental Body with respect to such Transfer or change in Tax status of any Person caused or reasonably expected to be caused by such Transfer, any terms or conditions of such Transfer, any requirement that the Membership Interests be registered under any applicable securities Laws in connection with or as a result of such Transfer, or any other similar matter. For purposes of this Section 6.3 and Section 6.4, “control” means (x) the ownership of at least a majority of the issued and outstanding Membership Interests of the Company, or (y) the ability to elect, directly or indirectly, a majority of the Directors of the Company in accordance with this Agreement.

(d) Prior to the consummation of any Transfer pursuant to Section 6.3(a)(ii), the Transferring Member shall have delivered to the Board and the Non-Transferring Member evidence reasonably satisfactory to the Board (with the Directors appointed by the Transferring Member abstaining from any such determination) and to the Non-Transferring Member that (i) the transferee is a Qualified Transferee and (ii) the Transfer complies with the provisions of Section 6.3(b) (if applicable) and Section 6.3(c).

(e) Any sale by the Transferring Member to the Non-Transferring Member, pursuant to Section 6.3(a) shall be consummated pursuant to a membership interest purchase agreement which shall contain representations and warranties by the Transferring Member to the Non-Transferring Member that (i) the Transferring Member has full right, title and interest in and to the Subject Membership Interests, (ii) the Transferring Member has all the necessary power and authority and has taken all necessary action to Transfer the Subject Membership Interests to the Non-Transferring Member as contemplated by this Section 6.3, (iii) the Subject Membership Interests are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement and those arising under securities Laws of general applicability pertaining to limitations on the transfer of unregistered securities and (iv) other customary representations and warranties.



#### Section 6.4 Tag-Along Rights.

(a) Other than with respect to a Transfer proposed and made in accordance with Section 6.5, in the event that the NiSource Member proposes to effect a Transfer to a Third Party transferee (the “Tag-Along Buyer”) of a number of its Membership Interests constituting more than 25% of the total Membership Interests then outstanding (a “Tag-Along Sale”), then the NiSource Member shall give the Investor Members written notice (a “Tag-Along Notice”) of such proposed Transfer at least thirty (30) days prior to the consummation of such Tag-Along Sale, setting forth (w) the number of Membership Interests (“Tag-Along Offered Membership Interests”) proposed to be Transferred to the Tag-Along Buyer and the purchase price, (x) the identity of the Tag-Along Buyer, (y) any other material terms and conditions of the proposed Transfer and (z) the intended dates on which the NiSource Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(b) Upon delivery of a Tag-Along Notice, the Investor Members shall have the right to sell up to their respective Tag Portions, at the same price per Membership Interest, for the same form of consideration and pursuant to the same terms and conditions (including time of payment) as set forth in the Tag-Along Notice (or, if different, as such are applicable at the time of the entry into a definitive agreement in respect of, or at the time of the consummation of, the Tag-Along Sale). If an Investor Member wishes to participate in the Tag-Along Sale, then such Investor Member shall provide written notice to the NiSource Member no less than forty-five (45) days after the date of the Tag-Along Notice, indicating such election, provided however if the BIP Investor Member elects to sell its respective Tag Portion the VCOC Investor Member shall be required to sell its respective Tag Portion on the same terms set forth in the election notice by the BIP Investor Member. Such notice shall set forth the number of its Membership Interests that such Investor Member elects to include in the Tag-Along Sale (which number shall not exceed its Tag Portion), and such notice shall constitute such Investor Member’s binding agreement to sell such Membership Interests on the terms and subject to the conditions applicable to the Tag-Along Sale.

(c) Any Transfer of an Investor Member’s Membership Interests in a Tag-Along Sale shall be on the same terms and conditions as the Transfer of the NiSource Member’s Membership Interests in such Tag-Along Sale, except as otherwise provided in this Section 6.4(c). Any participating Investor Member shall be required to make customary representations and warranties in connection with the Transfer of its Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, such Membership Interests and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Tag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any breach of any representation or warranty made by, or agreements, understandings or covenants of such Investor Member, as the case may be, under the terms of the agreements relating to such Transfer of such Investor Member’s Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Tag-Along Buyer provided by the NiSource Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the NiSource Member and any such Investor Member) be expressly stated to be several but not joint and the NiSource Member and any such Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Membership Interests of any other Member and shall not, in any event, be liable for more than its pro rata share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) any participating Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the NiSource Member, (iii) any participating Investor Member shall not be obligated to agree to any non-customary administrative covenants (such as any non-compete covenants that would restrict its or its Affiliates’ business activities), and (iv) any participating Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Tag-Along Sale.

(d) Notwithstanding the foregoing, and for the avoidance of doubt, no Investor Member shall be entitled to Transfer its Membership Interests pursuant to this Section 6.4 in the event that, notwithstanding delivery of a written notice of election to participate in such Tag-Along Sale pursuant to this Section 6.4, such Investor Member fails to consummate the Transfer of its Membership Interests (on the terms and conditions required by this Section 6.4) in the applicable Tag-Along Sale.

(e) For the avoidance of doubt, the rights conferred to each Investor Member under this Section 6.4 do not apply in the event of a Change in Control of the NiSource Member.

Section 6.5 Drag-Along Rights.

(a) In the event that the NiSource Member intends to effect a sale of all or any portion of the Membership Interests owned by the NiSource Member and such Membership Interests constitute at least a majority of the issued and outstanding Membership Interests of the Company (a “Drag-Along Sale”), then the NiSource Member shall have the option (but not the obligation) to require each Investor Member to Transfer all of its Membership Interests to the Third Party buyer (the “Drag-Along Buyer”) (or to such other Party as the Drag-Along Buyer directs) in accordance with the provisions of this Section 6.5 (such right of the NiSource Member, the “Drag-Along Right”).

(b) If the NiSource Member elects to exercise the Drag-Along Right pursuant to Section 6.5(a), then the NiSource Member shall send a written notice to each applicable Investor Member (a “Drag-Along Notice”) specifying (i) that such Investor Member is required to Transfer all of its Membership Interests pursuant to this Section 6.5, (ii) the amount and form of consideration payable for such Investor Member’s Membership Interests, (iii) the name of the Third Party to which such Investor Member’s Membership Interests are to be Transferred (or which is otherwise entitled to direct the disposition thereof at the consummation of the Drag-Along Sale), (iv) any other material terms and conditions of the proposed Transfer and (v) the intended dates on which the NiSource Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(c) In the event that the NiSource Member elects to exercise the Drag-Along Right, then each Investor Member hereby agrees with respect to all Membership Interests it holds:

(i) in the event such transaction requires the approval of Members, to vote (in person, by proxy or by action by written consent, as applicable) all of its Membership Interests in favor of such Drag-Along Sale;

(ii) to execute and deliver all related documentation and take such other action reasonably necessary to enter into definitive agreements in respect of and to consummate the proposed Drag-Along Sale in accordance with, and subject to the terms of, this Section 6.5; and

(iii) not to deposit its Membership Interests in a voting trust or subject any Membership Interests to any arrangement or agreement with respect to the voting of such Membership Interests, unless specifically requested to do so by the Drag-Along Buyer in connection with a Drag-Along Sale.

(d) Subject to Section 6.5(c), any Transfer of an Investor Member’s Membership Interests in a Drag-Along Sale shall be on the same terms and conditions as the proposed Transfer of the NiSource Member’s Membership Interests in the Drag-Along Sale. Upon the request of the NiSource Member, each Investor Member shall be required to make customary representations and warranties in connection with the Transfer of such Investor Member’s Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, its Membership Interests, and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Drag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any breach of any representation or warranty made by, or agreements, understandings or covenants of such Investor Member as the case may be, under the terms of the agreements relating to such Transfer of such Investor Member’s Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Drag-Along Buyer provided by the NiSource Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the NiSource Member and such Investor Member) be expressly stated to be several but not joint and the NiSource Member and such Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Membership Interests of any other Member and shall not, in any event, be liable for more than its pro rata share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) such Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the NiSource Member and (iii) such Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Drag-Along Sale.

(e) Any Transfer required to be made by an Investor Member pursuant to this Section 6.5 shall be for consideration consisting of cash or cash equivalents (or a combination thereof). Without the consent of the applicable Investor Member, an Investor Member shall not be required in connection with such Drag-Along Sale to agree to any material indemnification obligations, material, non-customary administrative covenants (including, but not limited to, restrictive covenants (such as non-solicit and non-compete covenants) that would restrict its or its Affiliates' business activities).

(f) At the consummation of the Drag-Along Sale, each Investor Member shall Transfer all of its Membership Interests to the Drag-Along Buyer (or its designee), and the Drag-Along Buyer shall pay the consideration due for such Investor Member's Membership Interest. If either Investor Member has failed, as of immediately prior to the time that the consummation of the Drag-Along Sale would otherwise have occurred, to have taken all actions necessary in accordance with this Agreement to consummate the Transfer of the Membership Interests held by it, then such Investor Member shall be deemed to be in material breach of this Agreement for purposes of Article IV and for all other purposes hereunder, shall be a Defaulting Member, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the NiSource Member to be such Investor Member's agent and attorney to execute all necessary documentation and instruments on its behalf to Transfer such Investor Member's Membership Interest to the Drag-Along Buyer (or as it may direct) as the holder thereof, in each case consistent with the terms set forth in this Section 6.5.

(g) The NiSource Member shall have a period of 180 days commencing on the delivery of the Drag-Along Notice (such 180-day period, the "Drag Sale Period") to consummate the Drag-Along Sale. If the Drag-Along Sale is not completed prior to the expiration of the Drag Sale Period, then the process initiated by the delivery of the Drag-Along Notice shall be lapsed, and the NiSource Member will be required to repeat the process set forth in this Section 6.5 to pursue any Drag-Along Sale; provided that if a definitive agreement providing for the consummation of such Drag-Along Sale is executed within the Drag Sale Period but such Drag-Along Sale has not been consummated at the expiration of the Drag Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such Drag-Along Sale, then the Drag Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Drag Sale Period and the consummation of the Drag-Along Sale provided for in such definitive agreement; provided, that the NiSource Member shall have used efforts in seeking such authorizations, approvals and consents consistent with its obligations under such definitive agreement(s) in respect thereof.

(h) Notwithstanding the foregoing, the NiSource Member may not exercise the Drag-Along Right or consummate any Drag-Along Sale, without the prior written consent of the BIP Investor Member unless the applicable Drag-Along Sale would result in the Investor Members receiving proceeds resulting in the Investor Members collectively achieving at least a IRR of 10% (the "Investor Return Threshold") and a MOIC of 2.15x (the "MOIC Return Threshold"); provided, that any shortfall in the Investor Members collectively achieving the Investor Return Threshold or the MOIC Return Threshold may be paid by the NiSource Member to the Investor Members in immediately available funds at the closing of the Drag-Along Sale, in which case the prior written consent of the BIP Investor Member shall not be required to exercise the Drag-Along Right or consummate such Drag-Along Sale.

(i) For the avoidance of doubt, the rights conferred to the NiSource Member under this Section 6.5 do not apply in the event of a Change in Control of the NiSource Member.

**Section 6.6 Cooperation.** The transferring Member acknowledges and agrees that it shall cooperate reasonably to obtain the requisite authorization, approval or consent of any Governmental Body necessary to consummate any Transfers contemplated or permitted by this Article VI. The Members shall have the right in connection with any Transfer of Membership Interests permitted by this Agreement (or in connection with the investigation or consideration of any such potential Transfer) to require the Company to reasonably cooperate with potential purchasers in such prospective Transfer (at the sole cost and expense of the applicable Member or such potential purchasers) by taking such actions reasonably requested by the applicable Member or such potential purchasers to cooperate in such Transfer, including

(a) preparing or assisting in the preparation of due diligence materials and (b) providing such reasonable access to the Company's and each of its Subsidiaries' books, records, properties and other materials (subject, in each case, to the execution of customary confidentiality and non-disclosure agreements and subject to attorney-client privilege) to potential purchasers; provided that no such cooperation by the Company shall be required (i) until the relevant potential purchaser executes and delivers to the Company a customary confidentiality agreement, (ii) to the extent such cooperation would unreasonably interfere with the normal business operations of the Company or any of its Subsidiaries, and (iii) to the extent the provision of any information would (A) conflict with, or constitute a violation of, any applicable Law or Order or cause a loss of attorney-client privilege of the Company or any of its Subsidiaries, (B) in the NiSource Member's reasonable determination, require the disclosure of any information that is proprietary, confidential or sensitive to the NiSource Member or to any member of the Outside Group, or (C) require the disclosure of any information relating to any joint, combined, consolidated or unitary Tax Return that includes the NiSource Member or any other member of the Outside Group or any supporting work papers or other documentation related thereto.

Section 6.7 Blocker Entity.

(a) Notwithstanding anything to the contrary in this Agreement, if an Investor Member is participating in any sale of Membership Interests pursuant to Section 6.3, Tag-Along Sale or Drag-Along Sale or any other Transfer of its Membership Interests, the owners of such Investor Member (or, as applicable, the regarded owner of such Investor Member for U.S. federal income tax purposes) (each, a "Blocker Seller") shall, use commercially reasonable efforts to sell, and the NiSource Member and the Company will use commercially reasonable efforts to structure such sale or transfer such that the Blocker Seller is able to sell, Equity Interests in such Investor Member (or, as applicable, the regarded owner of such Investor Member for U.S. federal income tax purposes), in lieu of selling the Membership Interests held (directly or indirectly) by such Investor Member in exchange for consideration equal to the value of the Membership Interests as determined in such sale pursuant to Section 6.3, Tag-Along Sale or Drag-Along Sale or other Transfer, held (directly or indirectly) by such Investor Member without discount (as appropriately adjusted for any partial sale).

(b) Notwithstanding anything to the contrary in this Agreement, but subject to the last sentence of this Section 6.7(b), the Members shall use reasonable efforts and cooperate in good faith to (i) minimize any tax liabilities of the Company or its Members, including with respect to the structure of each Member's ownership in the Company and in connection with claiming any tax credits or accelerated tax depreciation deductions, and (ii) ensure recoverability of tax expense under any applicable rates approved by the IURC, FERC or such other applicable Governmental Body. In no event shall any Member be required to take any action that would reasonably be expected to result in a material economic, financial or tax consequence on such Member or its Affiliates, as determined by such Member in good faith.

(c) With respect to tax exempt entities which hold a Percentage Interest in the Company, directly or indirectly, the Investor Members shall use commercially reasonable efforts, to the extent requested by the NiSource Member but no more frequently than a quarterly basis, to provide the NiSource Member a reasonable estimate based on information then available to the Investor Member of the estimated amount of Percentage Interest held by such entities in the aggregate, until such time as the applicable Investor Member has no tax-exempt investors in such Investor Member's ownership structure in the Company.

## Article VII PREEMPTIVE RIGHTS

Section 7.1 Preemptive Rights. The Company hereby grants to each Member the right to purchase such Member's Preemptive Right Share of all (or any part) of any New Securities that the Company may from time to time issue after the Effective Date (the "Preemptive Right"); provided, however, that the Preemptive Right shall not apply with respect to New Securities issues or to be issued in any public offering or pursuant to failures to fund Additional Funding Requirements or as otherwise specifically provided herein. In the event the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), the Company shall give to each Member written notice of its intention to issue New Securities (the "Preemptive Right Participation Notice"), describing the amount and type of New Securities, the cash purchase price and the general terms

upon which it proposes to issue such New Securities. Each Member shall have twenty (20) days from the date of receipt of any such Preemptive Right Participation Notice (the “Preemptive Right Notice Period”) to agree in writing to purchase for cash up to such Member’s Preemptive Right Share of such New Securities for the price and upon the terms and conditions specified in the Preemptive Right Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Members’ Preemptive Right Share) as well as the maximum amount of New Securities it would purchase. If any Member fails to so respond in writing within the Preemptive Right Notice Period, then such Member shall forfeit the right hereunder to purchase its Preemptive Right Share of such New Securities and the Company will allocate the rights to purchase such New Securities to any other Member that indicated it would purchase New Securities in excess of its Preemptive Right Share based on their relative Preemptive Right Shares. Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the closing of any purchase by any Member pursuant to this Section 7.1 shall be consummated concurrently with the consummation of the issuance or sale described in the Preemptive Right Participation Notice. The Company shall be free to complete the proposed issuance or sale of New Securities described in the Preemptive Right Participation Notice with respect to any New Securities not elected to be purchased pursuant to this Section 7.1 in accordance with the terms and conditions set forth in the Preemptive Right Participation Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced). If a Member indicates in its response to a Preemptive Right Participation Notice that it shall purchase New Securities but then does not fund such amounts, such Member shall be a Defaulting Member.

## Article VIII PROTECTIVE PROVISIONS

Section 8.1 Investor Member Threshold Matters. Notwithstanding anything to the contrary in this Agreement, the Company shall not cause or permit, in each case, so long as the Investor Members’ aggregate Percentage Interest is equal to or greater than the Investor Consent Threshold (except with respect to subclauses (a) – (g) and (i), in which case so long as the Investor Members’ aggregate Percentage Interest is at least 4.9%), and no Investor Member is a Defaulting Member, without the prior written consent of the BIP Investor Member (except that no such written consent shall be required to the extent that such matter is necessary to comply with applicable Law or Order or is in response to an Emergency Situation):

- (a) make an election or take any other action that results in a change in the tax classification of the Company or any of its Subsidiaries, with respect to its Subsidiaries only if such change adversely affects the BIP Investor Member;
- (b) any non-*pro rata* repurchase or redemption of any Equity Interests issued by the Company;
- (c) any (i) issuance of any class of Equity Interest in the Company, other than pursuant to Sections 1.9, 5.1, Section 7.1 or as otherwise specifically contemplated herein or (ii) change to the existing rights or obligations of any class of Equity Interest of the Company if such change would have a disproportionate material adverse impact on any Member in a manner different from the NiSource Member;
- (d) the filing of a petition seeking relief, or the consent to the entry of a decree or order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by the Company or any of its Subsidiaries of all or substantially all of the assets of the Company and its Subsidiaries;
- (e) the conversion of the Company or GenCo from its current legal business entity form to any other business entity form (*e.g.*, the conversion of the Company from a Delaware limited liability company to a Delaware corporation);
- (f) the listing of any Equity Interests of the Company or its Subsidiaries on any stock exchange (other than any spin off, split off or similar transaction of the Company, the NiSource Member or GenCo, or any of their Affiliates, which, for the avoidance of doubt, shall be subject to Sections 5.1(e) or 6.5 and the Spin Return Threshold);

(g) any amendment or modification to any Organizational Document of the Company or any Subsidiary of the Company, other than (i) ministerial amendments thereto or (ii) amendments thereto that are not disproportionately adverse to the BIP Investor Member as compared to any other holder of Equity Interests of the Company;

(h) the transfer, sale or other disposition, whether by the way of asset sale, stock sale, merger, or otherwise, of (i) all or substantially all of the assets of the Company Group, taken as a whole on a consolidated basis, or (ii) assets of the Company's Subsidiaries having a Fair Market Value in excess of 2.5% of the Qualifying Core Asset Base in the aggregate in any transaction or series of related transactions, other than Qualifying Core Assets and Excluded Transactions (it being understood, for the avoidance of doubt, that this Section 8.1(h) shall not be deemed to restrict a transfer, sale or other disposition of the equity of the Company) and other than pursuant to Article VI or a Change in Control of the Company, or the NiSource Member or as set forth below;

(i) the transfer, sale, issuance, or other disposition of any Equity Interests in GenCo or in any Subsidiary of the Company that directly or indirectly holds any Equity Interests in GenCo to any Person that is not the Company or one of its wholly-owned Subsidiaries;

(j) any new agreements or amendments to existing agreements, among the Company or any of its Subsidiaries, on the one hand, and any Member or any of their respective Affiliates (other than the Company or any of its Subsidiaries), on the other hand, which such agreement (or series of related transactions) are entered into after the Effective Date, other than (x) those that (i) are on an arms-length basis and (ii) involve revenues or expenditures of less than \$55,000,000.00 per Contract or series of related transactions individually or less than \$112,500,000.00 in the aggregate, subject to an annual increase by the CPI Escalator, for any fiscal year for all such affiliate transactions (it being acknowledged and agreed that no prior written consent of the BIP Investor Member will be required with respect to any amendments to any affiliate transaction made in the ordinary course of business unless to the extent such amendment would have a disproportionately adverse effect on the Company Group) in any material respect or (y) the GenCo Offtake Agreements or such other agreements by and among the Company or any of its Subsidiaries, on the one hand, and NHII or any of its Subsidiaries, on the other hand, which are reasonably necessary (as determined by the Board in good faith) for the Company's and its Subsidiaries' performance of any obligations under any GenCo Offtake Agreements (including with respect to the transfer or sale of Zonal Resource Credits or other similar capacity credits to or from NIPSCO or its Subsidiaries to or from the Company or its Subsidiaries) or otherwise be required for NIPSCO's performance of, or compliance with, any obligations arising under any "special contract" entered into by NIPSCO and a large load or hyperscale customer or similar arrangement (including any tariff), which in each case are as submitted to the IURC and/or otherwise consistent with applicable Law at such time, including any applicable IURC rules and regulations and, in each case, which are on an arm's-length basis;

(k) the acquisition by the Company or any of the Company's Subsidiaries of any Equity Interests or assets of any Person or the entry into joint ventures, in each case, having a Fair Market Value in excess of 2.5% of the Qualifying Core Asset Base in the aggregate in any calendar year, other than in connection with Qualifying Core Assets or Excluded Transactions;

(l) any capital expenditure by the Company or its Subsidiaries, that is in excess of 1.0% of the Qualifying Core Asset Base in any calendar year and is not made (i) in connection with a Qualifying Core Asset, (ii) reasonably necessary to fund an Emergency Expenditures, or (iii) an Excluded Transaction;

(m) incurring long-term Indebtedness (other than the refinancing of existing Indebtedness on commercially reasonable terms consistent with current market conditions as determined by the Board in good faith) by the Company or its Subsidiaries, if after giving pro forma effect to such incurrence and the application of the proceeds therefrom, the Company's and its Subsidiaries' Debt-to-Capital Ratio would exceed 0.7;

(n) making any political or charitable contribution made by or on behalf of the Company or any of its Subsidiaries to any Governmental Body or any official, representative or staff thereof, including

any community leaders or elected officials, in excess of \$250,000 individually or \$1,000,000 in the aggregate in a fiscal year; and

(o) entering into any binding agreement or arrangement by the Company or any of its Subsidiaries to effect any of the foregoing actions.

Notwithstanding the foregoing, no BIP Investor Member approval shall be required with respect to any spin off, split off or similar transaction of the Company, the NiSource Member or GenCo, or any of their Affiliates; provided, that any such transaction must satisfy the requirements of Section 5.1(e) or Section 6.5 and the Spin Return Threshold.

Section 8.2 Consultation Matters. For so long as (x) the Investor Members' aggregate Percentage Interest is at least 9.9% and (y) no Investor Member is a Defaulting Member, the Company (and, as applicable, the Board) shall use reasonable efforts to consult in good faith with the BIP Investor Member prior to the Company undertaking, or causing or permitting any of its Subsidiaries to undertake, the following matters (except as would be impracticable in respect of a particular action that the Board reasonably believes to be necessary or appropriate to comply with applicable Law, Order or in response to an Emergency Situation):

(a) appointing or replacing the President;

(b) establishing or materially amending, or material deviating from the then-current plan or budget of the Company and its Subsidiaries; provided, that the Company (and, as applicable, the Board) the NiSource Member and the Parent shall (i) provide to the BIP Investor Member a draft of the business plan and budget of the Company and its Subsidiaries for a given fiscal year no later than November 10 of the prior fiscal year, which budget shall include quarterly fiscal projections, (ii) schedule and attend a meeting among representatives of the Company, the NiSource Member, the Parent and the BIP Investor Member, including the Chief Financial Officer and Head of Regulatory Affairs of the Parent, no later than November 24 of the prior fiscal year, to discuss the draft business plan and budget, (iii) schedule and attend a meeting between the Chief Executive Officer of the Parent and the Global Head of Infrastructure of Blackstone Inc., within 5 Business Days of a written request by the BIP Investor Member, to discuss the draft business plan and budget as well as any changes proposed by BIP Investor Member and (iv) consider the BIP Investor Member's comments to the business plan and budget in good faith;

(c) material decisions relating to the conduct (including the settlement) of any litigation, administrative, or criminal proceeding to which the Company or any of its Subsidiaries is a party where (i) it is reasonably expected that the liability of the Company and its Subsidiaries would exceed \$75,000,000 (as adjusted by the CPI Escalator) (solely with respect to litigation proceedings), (ii) such proceeding would have material reputational damage on the Company or its Subsidiaries, or (iii) such proceeding would reasonably be expected to have a material and adverse effect on the BIP Investor Member or any of its Affiliates (other than in its or (if applicable, their) capacity as an investor in the Company); provided, that, for the avoidance of doubt, the foregoing shall not be applicable to any ordinary course regulatory proceedings (including rate cases) that do not involve claims of criminal conduct or intentional violations of applicable Law; and

(d) entering into or materially amending any Genco Offtake Agreement or related support agreements, in which case such consultation shall include the Company (and, as applicable, the Board) using reasonable efforts to keep the BIP Investor Member reasonably informed regarding the negotiation of any GenCo Offtake Agreements or related support agreements and to consult in good faith with the BIP Investor Member regarding the form, material terms, structuring and implementation of any such GenCo Offtake Agreements or related support agreements, including any material changes to such GenCo Offtake Agreement or related support agreement.

Section 8.3 Indebtedness. Each of the Company and its Subsidiaries shall use commercially reasonable efforts to incur Indebtedness, both intercompany and with respect to any Third Party, to support its operations, working capital and capital investments in accordance with the informational compliance filings provided by GenCo to the IURC.

Section 8.4 Actions by the Investor Directors on behalf of the BIP Investor Member. Where any action requires the consent of the BIP Investor Member pursuant to Section 8.1, the Investor Directors shall, unless the BIP Investor Member indicates in writing to the NiSource Member otherwise, have the authority to provide such consent on behalf of the BIP Investor Member at any meeting of the Board called to discuss such matters, and the Company, the other Members and the other Directors shall be entitled to rely on such action of the Investor Directors as an action of the BIP Investor Member with such action being binding upon the BIP Investor Member.

Section 8.5 Additional Actions. The NiSource Member and Investor Members further agree to the additional actions set forth on Schedule 2.

Section 8.6 Acknowledgement of Purpose of Provisions. It is hereby acknowledged and agreed by the Parties that the rights of the Investor Members set forth in this Article VIII are protection mechanisms for each Investor Member acting in its capacity as an investor in the Company and are not for purposes of, and should not be construed or otherwise interpreted as, providing either Investor Member or any of its Representatives or Affiliates with the ability to take any action that would constitute exercising substantial influence or control over the Company or any of its Subsidiaries or would otherwise provide either Investor Member or any of their respective Representatives or Affiliates with any right to direct the operation of the business of the Company or any of its Subsidiaries.

#### **Article IX OTHER COVENANTS AND AGREEMENTS**

Section 9.1 Books and Records.

(a) The Company shall keep and maintain, or cause to be kept and maintained, books and records of accounts, taxes, financial information and all matters pertaining to the Company and its Subsidiaries at the offices and place of business of the Company in a commercially reasonable manner consistent with the manner in which similar books and records are kept and maintained by other members of the Outside Group. Each Member (other than any Defaulting Member) and its duly authorized Representatives shall have the right to, at reasonable times during normal business hours, upon reasonable notice, under supervision of the Company's personnel and in such a manner as to not unreasonably interfere with the normal operations of any member of the Company Group, visit and inspect the books and records of the Company Group, and, at its expense, make copies of and take extracts from any books and records of the Company Group; provided, that, in the case of an Investor Member, any Person gaining access to such information regarding the Company Group pursuant to this Section 9.1 shall agree to hold in strict confidence, not make any disclosure of, and not use for purposes other than good faith administration of such Investor Member's continuing investment, all information regarding any member of the Company Group that is not otherwise publicly available.

(b) Notwithstanding the foregoing, the Company shall not be obligated to provide to either Investor Member any record or information (i) relating to the negotiation and consummation of the transactions contemplated by this Agreement, including confidential communications with Representatives or Advisors, including legal counsel, representing the Company or any of its Affiliates, (ii) that is subject to an attorney-client or other legal privilege, (iii) that, in the NiSource Member's reasonable determination, are proprietary, confidential or sensitive to the NiSource Member or to any other member of the Outside Group, (iv) relating to any joint, combined, consolidated or unitary Tax Return that includes the NiSource Member or any other member of the Outside Group or any supporting work papers or other documentation related thereto if such work papers or documentation includes the information of the NiSource Member or Outside Group, or (v) the provision of which would violate any applicable Law or Order; provided, with respect to (ii) and (iv) above that the Company shall use commercially reasonable efforts to develop an alternative to make such information available, including to make redactions to any such material and provide such redacted materials to such Investor Member.

(c) Each Member shall reimburse the Company for all reasonable, documented, out-of-pocket costs and expenses incurred by the Company in connection with such Member's exercise of its inspection and information rights pursuant to this Section 9.1.

Section 9.2 Financial Reports. The Company shall provide, or otherwise make available, to any Member (unless such Member is a Defaulting Member):



- (a) on an annual basis, within 120 days after the end of each fiscal year, an unaudited consolidated balance sheet, statement of operations and statement of cash flow of GenCo and its Subsidiaries;
- (b) on a quarterly basis, within 60 days after the end of each fiscal quarter, an unaudited consolidated balance sheet and related quarter and year to date statement of operation and related quarter and year to date statement of cash flow of GenCo and its Subsidiaries;
- (c) on a monthly basis, within 30 days after the end of each month-end, an unaudited income statement as readily available of GenCo and its Subsidiaries and related financial information prepared in the ordinary course;
- (d) on an annual basis (or more frequently, if applicable), as soon as reasonably practicable after the approval thereof by the Board, the annual budget and business plan for GenCo and its Subsidiaries;
- (e) on an annual basis, as soon as reasonably practicable after the approval thereof by the Board, financial forecasts for GenCo and its Subsidiaries, which shall be in such manner and form as approved by the Board, and which shall include a projection of income and a projected cash flow statement for each fiscal quarter in such fiscal year and a projected balance sheet as of the end of each fiscal quarter in such fiscal year;
- (f) (i) within 45 days after the end of each fiscal year, an estimated Schedule K-1 for the immediately preceding taxable year based on best-available information to date and depreciation will be subject to change based on final year end financial reporting results and (ii) not less than 45 days prior to the due date, including extensions, for the filing of the Company's federal information return for the immediately preceding taxable year, a final Schedule K-1, along with copies of all other federal, state and local income tax returns or reports filed by the Company for the previous year, as may be required as a result of the operations of the Company, and a schedule of Company book tax differences for the immediately preceding year;
- (g) each Investor Member shall promptly upon request by the NiSource Member provide the following information: (i) Form SS-4/IRS determination letter and Form 8832 Entity Classification Election (if applicable) and (ii) Form W-9; and
- (h) promptly, upon reasonable notice, any information that is reasonably requested by any Member in order to manage its regulatory or tax affairs or make filings with Governmental Bodies, including but not limited to Federal and Indiana corporate tax returns and financial statements (whether or not audited) for either Investor Member (or the regarded owner of either Investor Member if such Investor Member is a disregarded entity for tax purposes).

Section 9.3 Other Business; Corporate Opportunities.

- (a) To the extent permitted by applicable Law, any Member and any Affiliate of any Member may engage in, possess an interest in or otherwise be involved in other business ventures of any nature or description, independently or with others, similar or dissimilar to the businesses of the Company Group, and neither the Company nor any other Member shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the businesses of the Company Group, shall be deemed not to be wrongful or improper so long as it is consistent with all Laws and Orders applicable to the Company and its Subsidiaries.
- (b) The Company and each Member expressly acknowledge and agree that, (i) neither the Members nor any of their respective Affiliates or Representatives shall have any duty to communicate or present an investment or business opportunity to the Company in which the Company may, but for the provisions of this Section 9.3, have an interest or expectancy (a "Corporate Opportunity"), and (ii) neither the Members nor any of their respective Affiliates or Representatives (even if such Person is also an officer or Director of the Company) shall be deemed to have breached any duty or obligation to the Company by reason of the fact that such Person pursues or acquires a Corporate Opportunity for itself or

directs, sells, assigns or transfers such Corporate Opportunity to another Person or does not communicate information regarding such Corporate Opportunity to the Company. The Company and each Member expressly renounce any interest in Corporate Opportunities and any expectancy that a Corporate Opportunity will be offered to the Company.

(c) Notwithstanding anything to the contrary contained in this Section 9.3, for so long as the Investor Members are Affiliated Members and the Investor Members' aggregate Percentage Interest is equal to or greater than 14.9%, the Company and/or its Subsidiaries (including for the avoidance of doubt, GenCo) and NHII and/or its Subsidiaries (including for the avoidance of doubt, NIPSCO) shall be the exclusive vehicles for all power, storage and generation requirements for customers within NIPSCO's service territory, which, for the avoidance of doubt, will include the State of Indiana to the extent included within NIPSCO's service territory as of the applicable time, for which a "special contract" is required except to the extent (i) necessary to comply with applicable Law or Order or (ii) consented to by BIP Investor Member; provided, that, to the extent required by applicable Law or Order, the Parties will use their reasonable efforts to give effect to the foregoing exclusivity to the maximum extent permitted, and if any portion of this Section 9.3 is prohibited or unenforceable, it shall be enforced to the fullest lawful extent and otherwise deemed modified only as necessary to be valid, with the remainder continuing in full force and effect.

Section 9.4 Compliance with Laws.

(a) The Company shall and shall cause its Subsidiaries to use their respective commercially reasonable efforts to procure that the Company and its Subsidiaries and Company Group's respective Representatives shall not in the course of their actions for, or on behalf of, any member of the Company Group:

(i) offer promise, provide or authorize the provision of any money, property, contribution, gift, entertainment or other thing of value, directly or knowingly indirectly, to any government official, to unlawfully influence official action or secure an improper advantage, or to unlawfully encourage the recipient to improperly influence or affect any act or decision of any Governmental Body, in each case, in order to assist any member of the Company Group in obtaining or retaining business, or otherwise act in violation of any applicable Anti-Corruption Laws;

(ii) violate any applicable Anti-Money Laundering Laws; or

(iii) engage in any unlawful dealings or transactions with or for the benefit of any Sanctioned Person or otherwise violate Sanctions.

(b) The Company shall promptly notify the Members of (i) any allegations of material misconduct by any member of the Company Group or any actions, suits or proceedings by or before any Governmental Body to which any member of the Company Group becomes a party, or to which the Company becomes aware that any Representative of the Company Group (in relation to such Representative's actions for, or on behalf of, any member of the Company Group) is a party, in each case, relating to any material breach or suspected material breach of any applicable Anti-Corruption Laws, Anti-Money Laundering Laws, or Sanctions or (ii) any fact or circumstances of which it becomes aware that would reasonably be expected to result in a breach of this Section 9.4.

Section 9.5 Non-Solicit. Without the prior written consent of the Company, during the term of this Agreement, each Investor Member shall not, shall cause its Affiliates not to, and shall use its reasonable best efforts to procure that other Persons in which it is invested do not, solicit for employment, hire or engage as a consultant any individual who is serving in any position within the then-current NiSource Leadership Team; provided, that this Section 9.5 shall not prohibit any Person from issuing general public solicitations not specifically targeted at the then-current NiSource Leadership Team or from hiring or engaging any Person responding to such general solicitations.

Section 9.6 Confidentiality.

(a) Each Member shall, and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company and its Subsidiaries, including their respective assets, business, operations, financial condition and prospects, or with respect to another Member of this Agreement ("Confidential Information"), and to use such

Confidential Information only in connection with the operation of the Company and its Subsidiaries or such Member's administration of its investment in the Company; provided that nothing herein shall prevent any Member from disclosing such Confidential Information (i) upon the Order of any court or administrative agency, (ii) upon the request or demand of any Governmental Body having jurisdiction over such party, (iii) to the extent compelled by legal process or required pursuant to binding requirement of any Governmental Body, (iv) to the other Parties, (v) to such party's Representatives that in the reasonable judgment of such party need to know such Confidential Information, (vi) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from a Member so long as such transferee agrees to be bound by the provisions of this Section 9.6 as if a Member, or (vii) to actual and prospective limited partners of such Member or its Affiliates in connection with reporting requirements or fundraising efforts; provided, further, that in the case of clauses (i), (ii) or (iii), such Member shall prior to making any disclosure seek a protective order or other relief to prevent or reduce the scope of such disclosure, to the extent legally permissible, notify the other Parties of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment, when and if available; provided, further, that in the cases of clauses (v) through (vii), such party receiving any Confidential Information is bound to an obligation of confidentiality no less stringent than that contained in this Agreement including such other protective provisions to protect the misuse of material non-public information.

(b) The restrictions in Section 9.6(a) shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Member or any of its Representatives in violation of this Agreement, (ii) is or has been independently developed or conceived by such Member or its Affiliates without use of the Company's or any of its Subsidiaries' Confidential Information or (iii) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company or any of its Subsidiaries, any other Party or any of their respective Representatives; provided, that such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing party or any of its Representatives.

(c) Each Party shall inform any Representatives to whom it provides Confidential Information that such information is confidential and instruct them (i) to keep such Confidential Information confidential and (ii) not to disclose Confidential Information to any Third Party (other than those Persons to whom such Confidential Information has already been disclosed in accordance with the terms of this Agreement). The disclosing Party shall be responsible for any breach of this Section 9.6 by the Person to whom the Confidential Information is disclosed.

(d) The restrictions in Section 9.6(a) shall not restrict any Member and its Affiliates from disclosing any Confidential Information required to be disclosed under applicable securities Laws or the rules of any stock exchange on which any of their securities are traded.

(e) Notwithstanding anything herein to the contrary, the provisions of this Section 9.6 shall survive the termination of this Agreement for a period of three (3) years and, with respect to each Member, shall survive for a period of three (3) years following the date on which such Member is no longer a Member. The provisions of this Section 9.6 shall supersede the provisions of any non-disclosure agreements entered into by the Company (or its Affiliates, including the NiSource Member) and any of the Members (or their respective Affiliates) with respect to the transactions contemplated hereby prior to the Effective Date.

**Section 9.7 Expenses.** Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of Representatives and other Advisors, incurred in connection with this Agreement and the transactions contemplated hereby, shall be paid by the Party incurring such costs and expenses. Notwithstanding the foregoing, should any litigation be commenced between the Parties or their Representatives concerning this Agreement or the rights, duties, or obligations hereunder, the Party or Parties prevailing in such proceeding shall be entitled, in addition to any other relief granted, to the reasonable attorneys' fees and other litigation costs incurred by reason of such litigation.

**Section 9.8 Obligations in Respect of Financings.**

(a) Subject to Section 9.8(b), during the term of this Agreement, the NiSource Member and the Company shall cooperate with each Investor Member as reasonably requested by such Investor

Member in connection with any Debt Financing. Such assistance shall include (i) providing to such Investor Member such information as may be reasonably necessary in connection with the Debt Financing and any related credit-rating process in accordance therewith, and (ii) taking such other actions as are reasonably requested by such Investor Member to facilitate the consummation of any Debt Financing and any related credit-rating process in accordance therewith (including providing customary authorization letters authorizing the distribution of information to prospective financing sources, subject to customary terms and conditions). Such cooperation will include cooperating with the due diligence requirements of the debt financing sources, including the furnishing of customary financial and operational information about the Company reasonably requested by the Investor Members or the debt financing sources solely for diligence and underwriting; causing management to participate in a reasonable number of customary presentations; providing access (at reasonable times upon reasonable notice) to senior management; cooperating with the Investor Member to support the Investor Member's production of any customary third-party reports reasonably required in connection with such financing including engineering, insurance broker or similar reports; and providing copies of permits, material project contracts to which the Company or any of its Subsidiaries is party and any progress reports and other notices received under or in connection with such material project contracts, in each case, as reasonably requested in connection with any such debt financing. Further, each of the NiSource Member and the Company shall have its reasonable, documented and invoiced out-of-pocket costs and expenses incurred in providing such cooperation and assistance pursuant to this Section 9.8 reimbursed by the Investor Member pursuing the applicable Debt Financing.

(b) Notwithstanding anything in Section 9.8(a) or this Agreement to the contrary, the cooperation requested by either Investor Member pursuant to Section 9.8(a) shall not (i) unreasonably interfere with the ongoing operations of the NiSource Member or its Subsidiaries, or (ii) require the NiSource Member or any of its Subsidiaries (other than the Company) to (A) pay any commitment or other similar fee, (B) have or incur any liability or obligation in connection with any Debt Financing, including under any agreement or any document related to any Debt Financing, other than any such documents that are customary in connection with such Debt Financing as set forth in Section 9.8(a), (C) commit to taking any action (including entering into any Contract) or to otherwise execute any definitive agreement in connection with any Debt Financing, or (D) take any action that would conflict with, violate or breach or result in a violation or breach of or default under any Contract, this Agreement or any other document contemplated hereby or any Law or regulatory requirements. In no event shall the Company or NiSource Member be required to provide information relating to the transactions contemplated hereby or with any other Person in connection with any possible sale or transfer of assets or equity of the Company and its Subsidiaries, any information subject to the attorney-client privilege or any confidential or sensitive information, or relating to any Tax Return; provided, that, the Company and NiSource Member will use commercially reasonable efforts to redact such materials to remove any such confidential or sensitive information to provide to the Investor Member.

Section 9.9 Credit Support. For so long as there are (a) any guarantees, credit support, letters of credit or financial assurances of a member of the Outside Group related to support obligations of the Company Group, each Member shall pay the portion equal to its Percentage Interest of any payment or draw request on such credit support facilities on or before the applicable payment date required or (b) any guarantees, credit support, letters of credit or financial assurances of the Company or any of its Subsidiaries related to support obligations of a member of the Outside Group, the NiSource Member shall pay all such payments on or before the applicable payment date required. If a Member does not make a payment in accordance with the above, the Company may issue a Capital Call Request Notice in accordance with Section 5.1 for such amount from the applicable Member. For the avoidance of doubt, the failure to make the payment in clauses (a) or (b) prior to a Capital Call Request Notice shall not be an Event of Default and the failure to fund pursuant to a Capital Call Request Notice shall be treated in accordance with Section 5.1. Notwithstanding the foregoing, if the VCOC Investor Member fails to make its payment in accordance with this Section 9.9, the BIP Investor Member shall be obligated to make such payment.

## **Article X TAX MATTERS**

Section 10.1 Tax Classification. The Parties intend that the Company be classified as a partnership for U.S. federal income (and applicable state and local) Tax purposes. Without limiting

Section 8.1(a), neither the Company nor any Member shall make any election to change the tax classification of the Company or otherwise take any action inconsistent with such intended tax classification without the consent of the Board (or its designee).

Section 10.2 Partnership Representative.

(a) The NiSource Member is hereby designated the “Partnership Representative” within the meaning of Code Section 6223(a) of the Company. The Partnership Representative shall, if required, designate from time to time a “designated individual” to act on behalf of the Partnership Representative, and such designated individual shall be subject to replacement by the Partnership Representative in accordance with the Code and Treasury Regulations. If any state or local tax law provides for a tax matters partner, partnership representative, or person having similar rights, powers, authority, or obligations, the Partnership Representative shall also serve in such capacity. The Partnership Representative is authorized to represent the Company before the Internal Revenue Service and any other governmental agency with jurisdiction, make all decisions regarding permitted elections under the Code, Treasury Regulations, and other state and local tax law with respect to tax proceedings; provided, however, the Partnership Representative shall not enter into any settlement or similar agreement without the consent of the Board (such consent not to be unreasonably withheld, conditioned, or delayed). All Members (and former Members) agree to cooperate with, and to do and refrain from doing any or all things reasonably required by the Partnership Representative in connection with the conduct of all such proceedings or to otherwise allow the Company and the Partnership Representative to comply with the partnership audit provisions of the Code, Treasury Regulations, and similar state and local law. All Members shall cooperate in good faith to amend this Section 10.2 or other provisions of this Agreement as necessary to reflect any statutory amendments or the promulgation of Treasury Regulations or other administrative authority promulgated under the Partnership Audit Rules so as to, to the extent possible, preserve the relative rights, duties, and obligations of the Members hereunder. The Company shall, to the fullest extent permitted by law, reimburse and indemnify the Partnership Representative for all third-party expenses (including legal and accounting fees), claims, liabilities, losses, and damages incurred as the Partnership Representative in connection with any examination, administrative, or judicial proceeding, or otherwise acting in its capacity as Partnership Representative.

(b) Notwithstanding anything to the contrary in this Agreement, each Member (including, for purposes of this Section 10.2, any Person who is or becomes a Member but who for any reason ceases to be a Member) (i) hereby covenants to treat each item of income, gain, loss, deduction, or credit attributable to the Company in a manner consistent with the treatment of such income, gain, loss deduction, or credit on the tax return of the Company or as determined in a notice of final partnership adjustment pursuant to Section 6226 of the Code, (ii) hereby agrees to indemnify and hold harmless the Company from such Member’s share of any tax and any penalties, interest, and additions to tax attributable to any adjustment to the income, gain, loss, deduction, or credit of the Company pursuant to Section 6226 of the Code, and (iii) hereby agrees to take all other actions as the Partnership Representative may reasonably direct with respect to the Member’s (or, in respect of the Member, the Company’s) tax liabilities, which shall not include filing an amended return for any “reviewed year” to account for all adjustments under Section 6225(a) of the Code properly allocable to the Member as provided in and otherwise contemplated by Section 6225(c) of the Code and any Treasury Regulations that may be promulgated thereunder. If the Company or any other entity in which the Company holds an interest is obligated to pay any amount to a governmental agency or body or to any other Person (or otherwise makes a payment) of any taxes arising under a federal, state, or local tax audit or other proceeding and the Partnership Representative determines that all or a portion of such payment is specifically attributable to a Member (or former Member), then such Member (or former Member) shall reimburse the Company in full for the entire amount paid (including any interest, penalties, and expenses associated with such payment). The obligations of a Member under this Section 10.2 shall survive such Member’s sale or other disposition of its interests in the Company and the termination, dissolution, liquidation, or winding up of the Company.

(c) The Partnership Representative (i) shall keep the Investor Members reasonably informed of any material tax audit, settlement or proceeding and (ii) shall not settle or otherwise compromise a material tax audit, settlement or proceeding that would have a material adverse impact on either Investor Member, without the BIP Investor Member’s prior written consent (such consent not to be unreasonably withheld, conditioned, or delayed).

Section 10.3 Tax Elections. Except as otherwise provided by this Agreement, all material elections and decisions required or permitted to be made by the Company under any applicable tax law shall be determined by the NiSource Member; provided however, that any election with respect to taxes that is disproportionately materially adverse to either Investor Member shall require the BIP Investor Member's prior consent (such consent not to be unreasonably withheld, conditioned, or delayed). The elections shall include, but not be limited to, the following:

(a) Upon the written request of a Member, the Company may make the election under Section 754 of the Code in accordance with applicable regulations thereunder for the Company and each applicable Subsidiary;

(b) To the extent permitted under Section 706 of the Code, to elect the calendar year as the Company's taxable year and, (i) for clarity, to the extent the Company is permitted to adopt the calendar year, no other year shall be adopted as the taxable year and (ii) to the extent any additional filings or elections are required, to make such required filings or elections;

(c) To elect the accrual method of accounting;

(d) To elect to amortize any organizational expenses of the Company ratably over a period of one hundred eighty (180) months as permitted by Section 709(b) of the Code, and to elect to deduct the start-up expenditures of the Company as permitted by Section 195(b) of the Code;

(e) If "bonus depreciation" is available with respect to qualified property, the NiSource Member shall make the election described in Section 168(k)(7) of the Code to opt out of "bonus depreciation" for the taxable year during which the placed in service date occurs;

(f) To the extent permitted by law, to elect to apply the de minimis safe harbor under Treasury Regulations Section 1.263(a)-1(f);

(g) To the extent permitted under Code Section 461(h)(3), to elect the adoption of the exception for certain recurring items;

(h) To the extent permitted under Code Section 461(c), to elect to ratably accrue real property taxes; and

(i) To elect under Code Section 163(j) to be treated as an excepted trade or business.

Section 10.4 Cooperation. Each Investor Member shall, and shall cause its Affiliates to, provide to the NiSource Member and its Subsidiaries (including the Company and its Subsidiaries), and the NiSource Member and the Company shall, and shall cause their Affiliates to, provide to each Investor Member, in each case, such cooperation, documentation and information as any of them reasonably may request in connection with (a) filing any Tax Return, amended Tax Return or claim for refund, (b) determining a liability for Taxes or (c) preparing for or conducting any Tax audits, examinations or other proceedings by any taxing authority of any Governmental Body.

Section 10.5 Withholding. The Company may withhold and pay over to the United States Internal Revenue Service (or any other relevant Tax authority) such amounts as it is required to withhold or pay over, pursuant to the Code or any other applicable Tax Law, on account of a Member, including in respect of distributions made pursuant to Section 5.2 or Section 5.3, and, for the avoidance of doubt, the amount of any such distribution or other payment to a Member shall be net of any such withholding. To the extent that any amounts are so withheld and paid over, such amounts shall be treated as paid to the Person(s) in respect of which such withholding was made. For all purposes under this Agreement, any amounts withheld or paid with respect to a Member pursuant to this Section 10.5 shall offset any distributions to which such Member is entitled concurrently with such withholding or payment and shall be treated as having been distributed to such Member pursuant to Section 5.2 or Section 5.3 at the time such offset is made. To the extent that the cumulative amount of such withholding or payment exceeds the distributions to which such Member is entitled concurrently with such withholding or payment, the amount of such excess shall be promptly paid to the Company by the Member on whose behalf such withholding is required to be made; provided, however, that any such payment shall not be treated as a Capital Contribution and shall not reduce the amount that a Member is otherwise obligated to contribute

to the Company. To the extent that a Member claims to be entitled to a reduced rate of, or exemption from, a withholding Tax pursuant to an applicable income Tax treaty, or otherwise, such Member shall furnish the Company with such information and forms as such Member may be required to complete where necessary to comply with any and all Laws and regulations governing the obligations of withholding Tax agents, and the Company shall apply such reduced rate of, or exemption from, withholding Tax as reflected on such information and forms that have been provided by such Member. Each Member agrees that if any information or form provided pursuant to this Section 10.5 expires or becomes obsolete or inaccurate in any respect, such Member shall update such form or information.

Section 10.6 Certain Representations and Warranties. Each Member represents and warrants that any such information and forms furnished by such Member shall be true and accurate and agrees to indemnify the Company from any and all damages, costs and out-of-pocket expenses resulting from the filing of inaccurate or incomplete information or forms relating to such withholding Taxes.

#### **Article XI**

### **LIABILITY; EXCULPATION; INDEMNIFICATION**

Section 11.1 Liability; Member Duties. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person. Each Member acknowledges and agrees that each Member, in its capacity as a Member, may decide or determine any matter subject to the approval of such Member pursuant to any provision of this Agreement in the sole and absolute discretion of such Member, and in making such decision or determination such Member shall have no duty, fiduciary or otherwise, to any other Member or to the Company Group, it being the intent of all Members that such Member, in its capacity as a Member, has the right to make such determination solely on the basis of its own interests.

Section 11.2 Exculpation. To the fullest extent permitted by applicable Law, no Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's fraud or willful misconduct.

Section 11.3 Indemnification. The Company shall indemnify, defend and hold harmless any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suits or proceedings by reason of the fact that such Person is or was a Director or officer of the Company, or is or was a Director or officer of the Company serving at the request of the Company as a director, officer or agent of another limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' and experts' fees), judgments, settlements, penalties and fines actually and reasonably incurred by him or her in connection with the defense or settlement of such, action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company; and, with respect to any criminal action or proceeding, either he or she had reasonable cause to believe such conduct was lawful or no reasonable cause to believe such conduct was unlawful; provided, however, for the avoidance of doubt, this Section 11.3 shall not apply with respect to any such actions between the Company and such Person.

Section 11.4 Authorization. To the extent that such present or former Director or officer of the Company has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 11.3, or in the defense of any claim, issue or matter therein, the Company shall indemnify him or her against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith. Any other indemnification under Section 11.3 shall be made by the Company only as authorized in the specific case, upon a determination that indemnification of the present or former Director or officer is permissible in the circumstances because such present or former Director or officer has met the applicable standard of conduct. Such determination shall be made, with respect to a Person who is a Director or officer at the time of such determination, (a) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even with less than a quorum, or (b) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (c) by the NiSource Member and the BIP Investor Member. Such determination shall be made, with respect to former Directors and officers, by any Person or Persons having the authority to act on the matter on behalf of the Company.

Section 11.5 Reliance on Information. For purposes of any determination under Section 11.3, a present or former Director or officer of the Company shall be deemed to have acted in good faith and have otherwise met the applicable standard of conduct set forth in Section 11.3 if his or her action is based on the records or books of account of the Company or on information supplied to him or her by a Director or an officer of the Company in the course of his or her duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company. The provisions of this Section 11.5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a present or former Director or officer of the Company may be deemed to have met the applicable standard of conduct set forth in Section 11.3.

Section 11.6 Advancement of Expenses. Expenses (including reasonable attorneys' fees) incurred by the present or former Director or officer of the Company in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Company as authorized in the specific case in the same manner described in Section 11.4, upon receipt of a written affirmation of the present or former Director or officer that he or she has met the standard of conduct described in Section 11.3 and upon receipt of a written undertaking by or on behalf of him or her to repay such amount if it shall ultimately be determined that he or she did not meet the standard of conduct, and a determination is made that the facts then known to those making the determination shall not preclude indemnification under this Article XI.

Section 11.7 Non-Exclusive Provisions. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled. The Company hereby acknowledges that certain of its Directors and certain of its Members and the direct and indirect partners therein or owners thereof (the "Fund Indemnitees") may have rights to indemnification, advancement of expenses and/or insurance with respect to their service on the Board (collectively, the "Fund Indemnitors"). The Company hereby agrees: (a) that it is the indemnitor of first resort (i.e., its obligations to the Fund Indemnitees are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Fund Indemnitees are secondary) and (b) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof, except to the extent that a Fund Indemnitee breaches its undertaking to repay advanced expenses as provided in Section 11.6. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of the Fund Indemnitees with respect to any claim for which the Fund Indemnitees have sought indemnification from the Company shall affect the foregoing and that the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Fund Indemnitees against the Company.

Section 11.8 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall, unless otherwise provided when authorized or ratified, continue as to a Person who has ceased to be a Director or officer of the Company and shall inure to the benefit of his or her heirs, executors and administrators.

Section 11.9 Limitations. Notwithstanding anything contained in this Article XI to the contrary, the Company shall not be obligated to indemnify any Director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such Person unless such proceeding (or part thereof) was authorized or consented to by the Board.

## **Article XII**

### **REPRESENTATIONS AND WARRANTIES**

Section 12.1 Company Representations and Warranties. As of the Effective Date, the Company hereby represents and warrants to the Members as follows:

(a) Each of the Company and GenCo is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has all requisite power and authority to own its properties and to carry on its business as now being conducted. Each of the Company and GenCo is duly qualified or licensed to conduct its business as currently conducted and is in good standing in each jurisdiction in which the location of the property owned, leased or operated by it or the nature of its business makes such qualification necessary.



(b) The Company has full legal capacity, power and authority to execute and deliver this Agreement and any other agreements or instruments executed by it in connection herewith and to perform its obligations herein and therein and to consummate the transactions contemplated herein and therein. The execution, delivery and performance of this Agreement by the Company, and the consummation of the transactions contemplated by this Agreement, have been duly authorized and approved by all necessary limited liability company action, and no other action on the part of the Company or its equityholders is necessary to authorize the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated by this Agreement.

(c) This Agreement and the other agreements and instruments to be executed by the Company in connection herewith have been duly executed and delivered by the Company and are valid and binding obligations of the Company enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws relating to or affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(d) The execution and delivery of this Agreement by the Company and the issuance of the Membership Interests contemplated herein will not (i) conflict with, or result in any violation of, or default, or give rise to any right of termination, cancellation or acceleration, (with or without notice or lapse of time, or both) under (x) the governing documents of the Company, (y) any Law or governmental order applicable to the Company or by which any property or asset of the Company is bound or affected or (z) any Contract or other obligation to which the Company is a party, (ii) require the Company to obtain any consent or approval, or give any notice to, or make any filing with, any Governmental Body on or prior to the Effective Date.

(e) The Membership Interests are duly authorized, validly issued, fully paid and, if applicable, nonassessable, and free and clear of all Liens, preemptive rights, rights of first refusal, subscription and similar rights (other than as described here and as arising under applicable securities Laws). The Membership Interests on Schedule 1 constitute all of the issued and outstanding Equity Interests of the Company as of the Effective Date.

(f) The Company does not have any liabilities other than (i) for Taxes accrued and not yet payable or being contested in good faith through appropriate proceedings so long as adequate reserves have been maintained in accordance with U.S. GAAP, (ii) for obligations pursuant to this Agreement, (iii) liabilities incurred in the ordinary course of business of the Company and its Subsidiaries as conducted prior to the Effective Date, including pursuant to Contracts with respect to the purchase, development, financing, construction, commercialization, ownership, operation or maintenance of the GenCo Assets in connection with the Company Business, and (iv) for obligations under its organizational documents and nominal amounts necessary for the corporate maintenance and existence of the Company.

(g) The Company has no Subsidiaries, other than GenCo, and does not own, directly or indirectly, any Equity Interests in, or any securities convertible into or exercisable or exchangeable for Equity Interests of, any other Person, nor is the Company a party to any agreement, option, warrant, right or other commitment obligating it to acquire any such Equity Interests.

(h) The Company owns one hundred percent (100%) of the membership interests in GenCo and such membership interests are duly authorized, validly issued, fully paid and, if applicable, nonassessable, and free and clear of all Liens, preemptive rights, rights of first refusal, subscription and similar rights (other than as described here and as arising under applicable securities Laws). Such membership interests constitute all of the issued and outstanding Equity Interests of GenCo as of the Effective Date.

Section 12.2 Members Representations and Warranties. As of the Effective Date, each Member hereby represents and warrants, severally and not jointly, to the Company and to the other Member as follows:

(a) Such Member is a limited liability company or limited partnership duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization or formation, as applicable, with full power and authority to enter into this Agreement and perform all of its obligations hereunder.

(b) The execution and delivery of this Agreement by such Member, and the performance by such Member of its obligations hereunder, have been duly and validly authorized by all requisite action by such Member, and no other proceedings on the part of such Member are necessary to authorize the execution, delivery or performance of this Agreement by such Member.

(c) This Agreement has been duly and validly executed and delivered by such Member, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of such Member, enforceable against such Member in accordance with its terms, except as limited by the application of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws relating to or affecting creditors' rights or general principles of equity.

(d) The execution and delivery by such Member of this Agreement, and the performance by such Member of its obligations hereunder, does not (i) violate or breach its Organizational Documents, (ii) violate any applicable Law to which such Member is subject or by which any of its assets are bound, or (iii) result in any breach of or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under any Contract to which such Member is a party or by which any of its assets are bound.

(e) Such Member is acquiring its Membership Interests (i) for such Member's own account and not directly or indirectly for the account of any other Person and (ii) for investment and not with a view to their sale or distribution. Such Member understands that the Membership Interests have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available. Such Member understands that no public market now exists for the Membership Interests and that it is unlikely that a public market will ever exist for the Membership Interests. Such Member understands that its investment in the Company is highly speculative in nature and is subject to a high degree of risk of loss, in whole or in part.

### **Article XIII MISCELLANEOUS**

Section 13.1 Notices. Except as otherwise expressly provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted by electronic mail (unless if transmitted after 5:00 p.m. Eastern time or other than on a Business Day, then on the next Business Day) to the address specified below (with confirmation of transmission), (c) when sent by internationally-recognized courier in which case it shall be deemed to have been given at the time of actual recorded delivery, or (d) the third (3<sup>rd</sup>) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the respective Party at the number, electronic mail address or street address, as applicable, set forth below, or at such other number, electronic mail address or street address as such Party may specify by written notice to the other Party.

Notices to either Investor Member:

BIP Orion Holdco L.P or BIP Orion Holdco II L.P.,  
345 Park Avenue  
New York, NY 10154  
Attention: Legal Counsel – Blackstone Infrastructure Partners; Max Wade  
Email: BIP-Legal@blackstone.com; max.wade@blackstone.com

with copies to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Ravi Purohit; Michael Spirtos  
Email: rpurohit@paulweiss.com; mspirtos@paulweiss.com

Notices to the NiSource Member:

Generation Holdings I LLC  
290 W. Nationwide Boulevard  
Columbus, OH 43215  
Attention: Shawn Anderson, Executive Vice President and Chief Financial Officer; Kim Cuccia, Senior Vice President, General Counsel and Corporate Secretary  
Email: sanderson@nisource.com; kscuccia@nisource.com

with a copy to (which shall not constitute notice):

McGuireWoods LLP  
800 East Canal Street  
Richmond, Virginia 23219  
Attention: Joanne Katsantonis; Emilie McNally  
Email: jkatsantonis@mcguirewoods.com; emcnally@mcguirewoods.com

Notices to the Company:

Generation Holdings II LLC  
290 W. Nationwide Boulevard  
Columbus, OH 43215  
Attention: Shawn Anderson, Executive Vice President and Chief Financial Officer; Kim Cuccia, Senior Vice President, General Counsel and Corporate Secretary  
Email: sanderson@nisource.com; kscuccia@nisource.com

with a copy to (which shall not constitute notice):

McGuireWoods LLP  
800 East Canal Street  
Richmond, Virginia 23219  
Attention: Joanne Katsantonis; Emilie McNally  
Email: jkatsantonis@mcguirewoods.com; emcnally@mcguirewoods.com

Section 13.2 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that no Member, nor the Company, shall purport to assign or Transfer all or any of its rights or obligations under this Agreement nor grant, declare, create or dispose of any right or interest in this Agreement in whole or in part except with respect to a Transfer in accordance with the terms of this Agreement, and any attempted or purported assignment hereof not in accordance with the terms hereof shall be void ab initio.

Section 13.3 Waiver of Partition. Each Member hereby waives any right to partition of the Company property.

Section 13.4 Further Assurances. From and after the Effective Date, from time to time, as and when requested by any Party and at such Party's expense, any other Party shall execute and deliver, or

cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such requesting Party may reasonably deem necessary or desirable to carry out the purposes and intent of this Agreement.

Section 13.5 Third Party Beneficiaries. Except as otherwise expressly provided herein, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement; provided, that Covered Persons are express third party beneficiaries of Article XI.

Section 13.6 Parties in Interest; Non-Recourse. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors, legal representatives and permitted assigns. This Agreement may only be enforced against, and any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement may only be brought against, the Persons that are expressly named as Parties to this Agreement. Except to the extent named as a Party to this Agreement, and then only to the extent of the specific obligations of such Parties set forth in this Agreement, no past, present or future shareholder, member, partner, manager, director, officer, employee, Affiliate (without giving effect to the proviso set forth in the definition thereof), agent or advisor of any Party shall have any liability (whether in contract, tort, equity or otherwise or by or through theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, undercapitalization or any other attempt to avoid or disregard the entity form of any Person not a Party) for any of the representations, warranties, covenants, agreements or other obligations or liabilities of any of the Parties or for any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement. Notwithstanding anything contained herein, in no event shall this Section 13.6 limit in any way or waive any rights the Company or the NiSource Member may have with respect to the Equity Commitment Letter.

Section 13.7 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and, to the extent permitted and possible, any invalid, void or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid, void or unenforceable term.

Section 13.8 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

Section 13.9 Complete Agreement. This Agreement (including any schedules thereto), constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof and thereof and supersedes any prior understandings, agreements or representations by or among the Parties hereto or Affiliates thereof, written or oral, to the extent they relate in any way to the subject matter hereof.

Section 13.10 Amendment; Waiver. Subject to Article VIII, neither this Agreement nor any other Organizational Document of the Company may be amended (whether by merger or otherwise) except in a written instrument signed by Members owning at least a majority of the Membership Interests; provided, that (a) the prior written consent of any Member shall be required in respect of any such proposed modification, alteration, supplement or amendment that would have a material disproportionate adverse impact on that Member (in its capacity as a Member) as compared to the other Members (in their capacity as Members) and (b) notwithstanding anything in this Agreement to the contrary, Article V, Article VI, Article VII, Article VIII and this Section 13.10 may not be amended other than by a written instrument signed by the BIP Investor Member. In the event that the Company issues Membership Interests to one (1) or more Third Parties pursuant to Section 5.1(c) or Section 7.1, the Members and the Company shall negotiate in good faith to amend this Agreement to the extent reasonably necessary to reflect such additional Members. Any amendment or revision to Schedule 1 that is made by an officer solely to reflect information regarding Members or the Transfer or issuance of Membership Interests made in accordance with the terms of this Agreement shall not be considered an amendment to this Agreement and shall not require any Board or Member approval. Any failure or delay on the part of any Party in exercising any power or right hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder or otherwise available at law or in equity.

Section 13.11 Governing Law. This Agreement, and any claim, action, suit, investigation or proceeding of any kind whatsoever, including a counterclaim, cross-claim or defense, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise under any legal or equitable theory, that may be based upon, arising out of or related to this Agreement or the negotiation, execution or performance of this Agreement or the transactions contemplated hereby shall be governed by and construed in accordance with the internal Laws of the State of Delaware applicable to agreements executed and performed entirely within such State without regards to conflicts of law principles of the State of Delaware or any other jurisdiction that would cause the Laws of any jurisdiction other than the State of Delaware to apply.

Section 13.12 Specific Performance. The Parties agree that irreparable damage, for which monetary relief, even if available, shall not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that (a) the Parties shall be entitled to seek an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement, and (b) the right of specific performance and other equitable relief is an integral part of this Agreement and the business and legal understandings among the Members with respect to the Company, and without that right, none of the Members would have entered into this Agreement. The Parties acknowledge and agree that any Party pursuing an injunction or injunctions or other Order to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 13.12 shall not be required to provide any bond or other security in connection with any such Order. The remedies available to the Parties pursuant to this Section 13.12 shall be in addition to any other remedy to which they may be entitled at law or in equity, and the election to pursue an injunction or specific performance shall not restrict, impair or otherwise limit any Party from seeking to collect or collecting damages. Each of the Parties agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other Party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity.

Section 13.13 Escalation; Arbitration.

(a) In connection with any dispute, controversy or claim among the Members relating to or arising out of this Agreement, the Members will use their reasonable efforts to resolve such dispute within thirty (30) days. If the dispute has not been resolved within such thirty (30) day period, the Members will escalate the dispute to the respective Senior Officers, who will meet to discuss and use their reasonable efforts to resolve the dispute. If the Members remain unable to resolve the dispute within thirty (30) days of the initial meeting of the Senior Officers or such later date as the Members subject to such dispute may agree, such dispute shall be finally settled by binding arbitration administered by the American Arbitration Association (“AAA”) utilizing its Commercial Arbitration Rules in effect as of the date the arbitration is commenced. The arbitration shall be conducted before a single arbitrator, if the Parties can agree on the one arbitrator. If the Parties cannot agree on a single arbitrator, there shall be a panel of three arbitrators with one chosen by the BIP Investor Member, one chosen by the NiSource Member, and the third arbitrator selected by the two Members-appointed arbitrators. If a Party fails to appoint an arbitrator within 30 days following a written request by another Party to do so or if the two party-appointed arbitrators fail to agree upon the selection of a third arbitrator, as applicable, within thirty (30) days following their appointment, the additional arbitrator shall be selected by the AAA pursuant to its applicable procedures. Each arbitrator shall be disinterested and have at least twenty (20) years of experience with commercial matters. The arbitrator(s) shall have the power to award any appropriate remedy consistent with the objectives of the arbitration and subject to, and consistent with, all Laws and Orders applicable to the Company and its Subsidiaries (including, for the avoidance of doubt, the necessity of obtaining any requisite authorization, approval or consent of any Governmental Body necessary to implement the appropriate remedy). The decision of the one arbitrator or, if applicable, the majority of the three arbitrators shall be final and binding upon the Parties (subject only to limited review as required by applicable Law). Judgment upon the award of the arbitrator(s) may be entered in any court of competent jurisdiction or otherwise enforced in any jurisdiction in any manner provided by applicable Law. The losing Party shall pay the prevailing Party’s attorney’s fees and costs and the costs associated with the arbitration, including expert fees and costs and the arbitrators’ fees and costs; provided, however, that each Party shall bear its own fees and costs until the arbitrator(s) determine which, if any, Party is the prevailing Party and the amount that is due to such prevailing Party. The arbitration proceedings shall take place in Chicago, Illinois and, for the avoidance of doubt, the arbitration proceedings shall be conducted in the English language.

(b) All discussions, negotiations and proceedings under this Section 13.13, and all evidence given or discovered pursuant hereto, will be maintained in strict confidence by all Parties, except where disclosure is required by applicable Law, necessary to comply with any legal requirements of such Party or necessary or advisable in order for a Party to assert any legal rights or remedies, including the filing of a complaint with a court or, based on the advice of counsel, such disclosure is determined to be necessary or advisable under applicable securities Laws or the rules of any stock exchange on which any of such Party's securities are traded. Disclosure of the existence of any arbitration or of any award rendered therein may be made as part of any action in court for interim or provisional relief or to confirm or enforce such award.

(c) Any settlement discussions occurring and negotiating positions taken by any Party in connection with the procedures under this Section 13.13 will be subject to Rule 408 of the Federal Rules of Civil Procedure and shall not be admissible as evidence in any proceeding relating to the subject matter of this Agreement.

(d) The fact that the dispute resolution procedure specified in this Section 13.13 has been or may be invoked will not excuse any Party from performing its obligations under this Agreement, and during the pendency of any such procedure, all Parties must continue to perform their respective obligations in good faith. In addition, in no event shall the fact that this provision has been invoked and the pendency of the proceedings limit, suspend, delay or waive any other rights and remedies provided in this Agreement to any Member.

(e) Notwithstanding the agreement to arbitrate contained in this Section 13.13, in the event that either Party wishes to seek a temporary restraining order, a preliminary or temporary injunction, or other injunctive relief in connection with any claim, demand, cause of action, dispute, controversy, or other matter arising out of or relating to this Agreement or the alleged breach thereof, whether such claim sounds in contract, tort, or otherwise, at law or in equity, under state or federal law, whether provided by statute or the common law, each Party shall have the right to pursue such injunctive relief in court, rather than by arbitration. The Parties agree that such action for a temporary restraining order, a preliminary or temporary injunction, or other injunctive relief may be brought in the state or federal courts of Delaware, or in any other forum in which jurisdiction is appropriate.

Section 13.14 Counterparts. This Agreement may be executed in counterparts, and any Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties. The Parties agree that the delivery of this Agreement may be effected by means of an exchange of facsimile or electronically transmitted signatures.

Section 13.15 Fair Market Value Determination. In the event the Board makes a determination of Fair Market Value under this Agreement, upon request by the NiSource Member or the BIP Investor Member, so long as such Member holds a Percentage Interest (or, with respect to the BIP Investor Member, the Investor Members collectively hold an aggregate Percentage Interest) greater than five percent (5%), within five (5) Business Days after receiving written notice of the Board's determination in connection with any determination of Fair Market Value of Membership Interests or other assets under this Agreement (which determination shall be provided by the Company to each Member promptly following the making thereof), the Company shall select a nationally recognized independent valuation firm with no existing or prior business or personal relationship with any Member or any of its Affiliates in the three year period immediately preceding the date of engagement, pursuant to this Section 13.15 (the "Independent Evaluator") to determine such Fair Market Value. Each of the Company and the requesting Member shall submit their view of the Fair Market Value of the Membership Interests or the relevant asset(s) to the Independent Evaluator, and each party will receive copies of all information provided to the Independent Evaluator by the other party. The final Independent Evaluator's determination of the Fair Market Value of such Membership Interests or asset(s) shall be set forth in a detailed written report addressed to the Company and the Members within thirty (30) days following the Company's selection of such Independent Evaluator and such determination shall be final, conclusive and binding. In rendering its decision, the Independent Evaluator shall determine which of the positions of the Company and the requesting Member submitted to the Independent Evaluator is, in the aggregate, more accurate (which report shall include a worksheet setting forth the material calculations used in arriving at such

determination), and, based on such determination, adopt either the Fair Market Value determined by the Company or the requesting Member. Any fees and expenses of the Independent Evaluator incurred in resolving the disputed matter(s) will be borne by the party whose positions were not adopted by the Independent Evaluator. Notwithstanding the foregoing, the Board's determination of Fair Market Value under this Agreement shall be conclusive and relied upon by the Members in carrying out their obligations hereunder, unless and until the Independent Evaluator determines otherwise. The pendency of this process shall not excuse the performance of any obligations of a Member hereunder.

Section 13.16 Certain Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Act" means the Delaware Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account" means, with respect to any Member, the balance in such Member's Capital Account as of the end of the relevant Allocation Year or other period, after giving effect to the following adjustments:

(a) Add to such Capital Account the following items:

(i) The amount, if any, that such Member is obligated to contribute to the Company upon liquidation of such Member's Percentage Interest; and

(ii) The amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5).

(b) Subtract from such Capital Account such Member's share of the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Adjusted Capital Account as of the end of the Allocation Year (or other relevant period).

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other representatives of such Person.

"Affiliate" of any particular Person means any other Person Controlling, Controlled by or under common Control with such particular Person, provided, however, that, (i) no portfolio company of any investment fund affiliated with or advised by The Blackstone Group Inc. or Blackstone Infrastructure Partners L.P., or Blackstone Infrastructure Advisors, LLC, shall be deemed to be an "Affiliate" of either Investor Member (excluding the Investor Members' Subsidiaries) and (ii) no investment fund affiliated with or advised by The Blackstone Group Inc. shall be deemed an "Affiliate" of either Investor Member (excluding funds or investment vehicles controlled or advised by Blackstone Infrastructure Advisors, LLC).

"Affiliated Member" means a Member that is Controlled by a NHII Member, Controls a NHII Member, or is under common Control with a NHII Member.

"Affiliated NHII Member" means a NHII Member that is Controlled by a Member, Controls a Member, or is under common Control with a Member.

“Allocation Year” means (a) the period commencing on the Effective Date and ending on the immediately succeeding December 31; (b) any subsequent twelve (12) month period commencing on January 1 and ending on December 31; or (c) any portion of the period described in preceding clause (a) or (b) for which the Company is required to allocate items of the Company income, gain, loss, deduction or credit.

“Anti-Corruption Laws” means any Law concerning or relating to bribery or corruption imposed, administered or enforced by any Governmental Body.

“Anti-Money Laundering Laws” means any Law concerning or relating to money laundering, any predicate crime to money laundering or any record keeping, disclosure or reporting requirements related to money laundering imposed, administered or enforced by any Governmental Body.

“Assumed Tax Liability” means, for any Member, the product of (a) such Member’s allocable share of net taxable income of the Company for such Fiscal Year (or applicable portion thereof), reduced by such Member’s allocable share of cumulative net taxable loss of the Company not previously been taken into account (calculated taking into account the effect of any basis adjustment under Code Section 734, 743 or 754 and allocations pursuant to Code Section 704(c)), determined as if such Member has no items of income, gain, loss, deduction or credit other than through the Company, multiplied by (b) the Assumed Tax Rate.

“Assumed Tax Rate” means the highest effective combined marginal U.S. federal, state and local income tax rate applicable to a corporation for such Fiscal Year (taking into account the character of the underlying taxable income) and the deductibility of state and local income taxes for U.S. federal income tax purposes (and any applicable limitations thereon). The Assumed Tax Rate shall be the same for each Member.

“Available Cash” means, for any fiscal quarter, the cash flow generated from the normal business operations of the Company and its Subsidiaries in such fiscal quarter, less any amounts that the Board reasonably determines are necessary and appropriate to be retained in order to (a) permit the Company and its Subsidiaries to pay their obligations as they become due in the ordinary course of business, (b) maintain the Company’s and its Subsidiaries’ capital structure and credit metrics, (c) subject to Section 8.1(1), fund planned and approved (as applicable) capital expenditures, (d) maintain an adequate level of working capital, (e) maintain prudent reserves for future obligations (including contingent obligations of the Company and its Subsidiaries), (f) comply with applicable Law, Order, the terms of the Company’s and its Subsidiaries’ Indebtedness (including making any required payments of principal or interest in satisfaction of Indebtedness), or (g) respond to an Emergency Situation.

“Business Day” means any day other than a Saturday, Sunday or a day on which banking institutions located in New York, New York or Delaware are closed generally.

“Capital Account” means the capital account maintained for each Member on the Company’s books and records in accordance with the following provisions:

(a) To each Member’s Capital Account there shall be added (i) such Member’s Capital Contributions, (ii) such Member’s allocable share of net Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Section 5.6 or Section 5.7 hereof or other provisions of this Agreement, and (iii) the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.



(b) From each Member's Capital Account there shall be subtracted (i) the amount of (A) cash and (B) the Gross Asset Value of any Company assets (other than cash) distributed to such Member pursuant to any provision of this Agreement, (ii) such Member's allocable share of net Losses and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Section 5.6 or Section 5.7 hereof or other provisions of this Agreement, and (iii) liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event any Membership Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest.

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

"Capital Contribution" means, with respect to any Member, the total amount of cash and the initial Gross Asset Value of property (other than cash) contributed to the capital of the Company by such Member, whether as an initial Capital Contribution or as an additional Capital Contribution.

"Change in Control" means with respect to the applicable Party, any person or group (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) at any time becoming the beneficial owner of more than fifty percent (50%) of the combined voting power of the voting securities of such Party (including through general partner and limited partner arrangements).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Group" means the Company and each of its Subsidiaries, collectively.

"Company Minimum Gain" has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase "partnership minimum gain."

"Competitor" means any Person that is, or through its Subsidiaries is, directly involved in or competes with the Company Business in the United States. For the avoidance of doubt, a Competitor shall not include any financial sponsors that own equity in any Person that is directly involved in the Company Business in the United States.

"Consolidated Capitalization" means the sum of the Consolidated Debt and all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Company and its Subsidiaries under the total members' equity interests at such time.

"Consolidated Debt" means, the Indebtedness of the Company and its Subsidiaries that would be classified as debt on a consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP.

“Contract” means any written agreement, arrangement, commitment, indenture, instrument, purchase order, license or other binding agreement.

“Control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, Contract or otherwise.

“Covered Person” means any (a) Member, any Affiliate of a Member or any officers, directors, shareholders, partners, members, employees, representatives or agents of a Member or their respective direct or indirect Affiliates, (b) Director, or (c) employee, officer, or agent of the Company or its Affiliates.

“CPI Escalator” means that certain increase calculated annually on the anniversary of the Effective Date by the percentage increase of services measured by the consumer price index as determined by the U.S. Department of Labor, Bureau of Labor Statistics.

“Debt Financing” means any debt financing incurred by the BIP Investor Member or any of its Affiliates (other than the Company), including, the incurrence of any loans or the issuance of any bonds, notes, debentures or hybrid securities.

“Debt-to-Capital Ratio” means the ratio of the Consolidated Debt to Consolidated Capitalization.

“Depreciation” means, for Allocation Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Allocation Year or other period, except that (a) with respect to an asset the Gross Asset Value of which differs from its adjusted basis for U.S. federal income tax purposes and which difference is being eliminated by use of the “remedial allocation method” as defined in Treasury Regulations Section 1.704-3(d), Depreciation for such period shall be the amount of the book basis recovered for such period under the rules prescribed in Treasury Regulations Section 1.704-3(d)(2), and (b) if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Allocation Year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Allocation Year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such Allocation Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

“EBITDA” means earnings before interest, taxes, depreciation and amortization, calculated consistently with the methodology set forth in the Seller Model.

“Emergency Expenditure” means amounts required to be incurred in order to respond to an Emergency Situation or to avoid an Emergency Situation in a manner that is consistent with general practices applicable to facilities used in the Company Business or consistent with the past operations of the Company or its Affiliates (including NIPSCO), but only to the extent such expenditures are reasonably designed to ameliorate the consequences, or an immediate threat of any of the consequences, of the issues set forth in the definition of “Emergency Situation”.

“Emergency Situation” means, with respect to the business of the Company and its Subsidiaries, any abnormal system condition or abnormal situation requiring immediate action to maintain the system, frequency, loading within acceptable limits or voltage or to prevent loss of firm load; material equipment damage or tripping of system elements that would reasonably be expected to materially and adversely

affect reliability of an electric system or any other occurrence or condition that requires immediate action to prevent or mitigate an immediate and material threat to the safety of Persons or the operational integrity of the assets and business of the Company or its Subsidiaries; or any other condition or occurrence requiring prompt implementation of emergency procedures as defined by the applicable transmission grid operator, distribution or transmitting utility.

“Encumber” means to place a Lien against.

“Equity Commitment Letter” means the Equity Commitment Letter dated as of the Effective Date by Blackstone Infrastructure Partners L.P. for the benefit of the Company in the amount equal to \$1,325,000,000.00 (the “Maximum Investor Commitment”).

“Equity Interests” means, with respect to any Person that is not a natural person, (i) capital stock, ordinary shares, partnership, limited liability company or membership interests or units (whether general or limited) or any other equity interests of such Person; (ii) subscriptions, calls, warrants, Contracts, options, commitments or rights entitling any Person to acquire, any interests referred to in clause (i); (iii) securities or instruments convertible into or exercisable or exchangeable for any interests referred to in clause (i) and (iv) stock or unit appreciation rights, liquidation rights, contingent value rights, restricted stock units, or phantom equity or that confers on a Person the right to receive any type of interest referred to in clauses (i) through (iii).

“Exchange Act” has the meaning set forth in the definition of “Excluded Membership Interests”.

“Excluded Membership Interests” means any Membership Interests or other Equity Interests in the Company issued in connection with:

- (a) any issuance to a Third Party pursuant to and in accordance with Section 7.1;
- (b) any arrangement approved unanimously by the Board for the return of income or capital to the Members;
- (c) any equity split, equity dividend or any similar recapitalization; or
- (d) the commencement of any offering or registration of Membership Interests or other Equity Interests of the Company or any of its Subsidiaries, pursuant to a registration statement filed in accordance with the United States Securities Act of 1933 (the “Securities Act”) or under the Securities and Exchange Act of 1934 (the “Exchange Act”).

“Excluded Transactions” means Transactions in the ordinary course of the Company Business, and, in each case, on an arms-length basis with respect to (i) the sale and transfer of Zonal Resource Credits or other similar capacity credits to or from NIPSCO or its Subsidiaries to or from the Company or its Subsidiaries, (ii) pilot programs, and (iii) similar undertakings by the Company or its Subsidiaries in connection with the Company Business, provided, however, the Members shall discuss in good faith any necessary adjustments to this definition on or after the date that is ten (10) years from the Effective Date, provided, further that any adjustments to this definition shall be mutually agreed by the Members.

“Fair Market Value” means, with respect to any asset (including Equity Interest), the price at which the asset would change hands between a willing buyer and a willing seller that are not affiliated parties, neither being under any compulsion to buy or to sell, and both having knowledge of the relevant facts and taking into account the full useful life of the asset. In valuing Membership Interests, no

consideration of any control, liquidity or minority discount or premium shall be taken into account. Fair Market Value shall be determined by the Board in accordance with the foregoing, subject to Section 13.15.

“FERC” means the U.S. Federal Energy Regulatory Commission or any successor agency thereto.

“GAAP” means United States generally accepted accounting principles applied on a consistent basis during the periods involved.

“GenCo Assets” means any and all current or future assets, rights, and properties (including any Subsidiaries) of the Company and Subsidiaries.

“GenCo Declination” means that certain order of the IURC approved on September 24, 2025, of the verified petition of GenCo for certain determinations by the IURC with respect to its jurisdiction over petitioner’s activities as a non-retail generator of electric power.

“GenCo Offtake Agreement” means any offtake agreements (including capacity supply agreements) pursuant to which the Company or its Subsidiaries will sell power, storage, capacity or ancillary products to NIPSCO to allow NIPSCO to fulfill its obligations to certain large load or hyperscale customers for each pursuant to a “special contract” or similar arrangement (including any tariff) as submitted to the IURC and/or otherwise consistent with applicable Law at such time, including any applicable IURC rules and regulations.

“Governmental Body” means any national, foreign, federal, regional, state, local, municipal or other governmental authority of any nature (including any division, department, agency, commission or other regulatory body thereof) and any court or arbitral tribunal, including any governmental, quasi-governmental or non-governmental body administering, regulating or having general oversight over electricity, power or the transmission or transportation thereof, including any regional transmission operator, independent system operator and any market monitor thereof.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset on the date of the contribution, as determined by the Board, provided that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 5.1 shall be as set forth on Schedule 1.

(b) The Gross Asset Values of all Company assets immediately prior to the occurrence of any event described in subparagraphs (i) through (v) below shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); (iv) in connection with the grant of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a partner capacity, or by a new Member acting in a partner capacity in

anticipation of being a Member; and (v) the acquisition of an interest in the Company upon the exercise of a non-compensatory option in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); provided, however, adjustments pursuant to clause (i), clause (ii), and clause (iv) above shall be made only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company; and provided further, if any non-compensatory option is outstanding, Gross Asset Values shall be adjusted in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2);

(c) The Gross Asset Value of any Company asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution as determined by the Board;

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

(e) If the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company asset for purposes of computing net Profits and net Losses.

“Indebtedness” means indebtedness or debt as those terms are calculated in accordance with GAAP.

“Investor Call Trigger” means (i) either Investor Member fails to fund all or any portion of its share of a Mandatory Capital Contribution or any Additional Funding Requirement (other than a Mandatory Capital Contribution) in respect of two (2) events if either Investor Member indicated it would do so in its Response to Capital Call but failed to do so within the time period specified in Section 5.1; provided, that the NiSource Member shall be required to provide notice to the BIP Investor Member immediately upon any Investor Member’s first event of failure to fund that would trigger this right, (ii) the Investor Members’ aggregate Percentage Interest is equal to or less than five percent (5%), or (iii) the NiSource Member elects to pursue a spin off, split off or similar transaction of the Company, GenCo or an Affiliate; provided, in the case of this clause (iii), the NiSource Member may not exercise its Call Right unless the Spin Return Threshold would be satisfied in the event such contemplated transaction is consummated.

“Investor Consent Threshold” means a Percentage Interest equal to or greater than 19.9%; provided, that, solely in the event the Investor Members’ aggregate Percentage Interest is reduced in connection with issuances of Membership Interests in compliance with Sections 5.1 or 7.1, such reference to “19.9%” shall be replaced by “17.5%”.

“IRR” means, at any time of determination, the actual annual rate of return of the Investor Members (specified as a percentage) taking into account only the following, on a cash-in, cash-out basis: (a) all capital contributions actually made to the Company by or on behalf of the Investor Members or any of its Permitted Transferees with respect to their Membership Interests on or before such date, and (b) all cash distributions made to the Investor Members or any of their respective Permitted Transferees on or

before such date. For the avoidance of doubt, the IRR calculation would not include any tax payments at the Investor Members level. The IRR will be calculated using the XIRR function in the most recent version of Microsoft Excel (or if such program is no longer available, such other software program for calculating the IRR as is reasonably determined by the Board), and will be based on the actual dates of funding of such capital contributions and the actual dates of receipt of such cash distributions and proceeds.

“IURC” means the Indiana Utility Regulatory Commission.

“Law” means any law (statutory, common or otherwise), rule, regulation, code or ordinance enacted, adopted, promulgated or applied by any Governmental Body, including all regulatory requirements emanating from state and federal regulators of the Company Group’s businesses and operations.

“Liens” means all liens, encumbrances, mortgages, deeds of trust, pledges, security interests, charges, claims, proxy, voting trust or transfer restrictions, under any stockholder or similar agreement or Organizational Document.

“Maximum Investor Commitment” has the meaning set forth in the definition of “Equity Commitment Letter”.

“Member” means each of the NiSource Member and the Investor Members, and any Person admitted as an additional member of the Company or a substitute member of the Company pursuant to the provisions of this Agreement, each in its capacity as a member of the Company.

“Member Nonrecourse Debt” has the meaning of “partner nonrecourse debt” as set forth in Treasury Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

“Member Nonrecourse Deductions” has the meaning of “partner nonrecourse deductions” set forth in Treasury Regulations Section 1.704-2(i)(1) and 1.704-2(i)(2).

“Membership Interests” means membership interests of the Company.

“MOIC” means, as of any measurement time, with respect to any holder of Membership Interests, the number resulting from the quotient of (i) the cumulative amount of distributions received by such holder (or its predecessors in interest) in respect of such Membership Interests divided by (ii) the cumulative amount of all capital contributions made to the Company by such holder (or its predecessors in interest) in respect of such Membership Interests prior to such time; provided, that, for the purpose of foregoing calculation, the Investor Members shall be aggregated and treated as a single holder.

“New Securities” means any Membership Interests or other Equity Interests in the Company, other than any Excluded Membership Interests.

“NHII Member” means each Member as defined in the NHII Operating Agreement.

“NHII Operating Agreement” means that certain Third Amended and Restated Limited Liability Company Agreement dated as of the date hereof by and among NHII, NIPSCO Holdings I LLC, an Indiana limited liability company, BIP Blue Buyer L.L.C., a Delaware limited liability company, BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company, and solely for the purposes of Article VI thereto, the Parent.

“NIPSCO” means Northern Indiana Public Service Company LLC, an Indiana limited liability company.

“NiSource Leadership Team” means any individual serving as an officer at any Company Group.

“Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

“Nonrecourse Liability” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

“OFAC” means the U.S. Office of Foreign Assets Control.

“Order” means any order, ruling, decision, verdict, decree, writ, award, judgment, injunction, or other similar determination or finding of any Governmental Body.

“Organizational Documents” means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles of association, articles of organization or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing.

“Outside Group” means the Parent and its Subsidiaries, other than the Company and its Subsidiaries.

“Partnership Audit Rules” means Sections 6221 through 6241 of the Code, as enacted in Public Law 114-74, as may be amended, including any final or temporary Regulations, other administrative guidance or case law interpreting Sections 6221 through 6241 of the Code (and any analogous provision of state or local tax law).

“Partnership Representative” means, with respect to any Allocation Year, the Person designated for such year as the partnership representative for the Company pursuant to section 6223(a) of the Code or with respect to the tax law of any state or foreign jurisdiction, as a representative pursuant to a provision of law of such state or foreign jurisdiction corresponding to Section 6223(a) of the Code and shall also include the Person through whom a Partnership Representative acts.

“Percentage Interest” means, in respect of any Member, their relative ownership in the Membership Interests, expressed as a percentage, which shall be deemed to be equal to the number of Membership Interests that such Member owns divided by the total number of Membership Interests then outstanding.

“Permitted Transferee” means, with respect to the NiSource Member or either Investor Member, (a) a directly or indirectly wholly owned Subsidiary of such Member, (b) an Affiliate of such Member of which such Member is, directly or indirectly, a wholly owned Subsidiary (an “Affiliate Parent”), or (c) an Affiliate of such Member that is a wholly owned Subsidiary of an Affiliate Parent.

“Person(s)” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

“Preemptive Right Share” means a ratio of (a) the number of Membership Interests held by such Member with Preemptive Rights, to (b) the total number of Membership Interests then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights.

“President” means the President of GenCo.

“Profits” and “Losses” mean, for each Allocation Year, an amount equal to the Company’s taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses,” shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) or clause (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(e) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if



the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 5.7 or Section 5.8 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 5.7 and Section 5.8 shall be determined by applying rules analogous to those set forth in clause (a) through clause (f) of this definition.

“Prohibited Competitor” means (i) any Competitor listed on Appendix (A) hereto, as may be updated from time to time in accordance with Section 6.3(b) and (ii) any person owned or controlled by an entity existing under the laws of a country or territory that is subject to, or a target of, any Sanctions.

“Qualified Designee” means (i) with respect to NiSource Member, an employee of Parent or its Affiliates that is an officer of any such entity and (ii) with respect to BIP Investor Member, an employee of the BIP Investor Member or its parent company that is an officer or comparable position of such entity or is otherwise affiliated with such entity; provided, that a “Qualified Designee” shall not include any Person so long as such Person is (a) a director, officer, employee, or other Person affiliated with a Prohibited Competitor or (b) any Person convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction) or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, or (c) any Person that would create a material reputational risk to the Company based on a good faith determination by the Board.

“Qualified Transferee” means any Person so long as such Person is (i) an asset manager with “assets under management” (as such term is commonly defined in the private equity industry) of at least \$5,000,000,000, (ii) a Person with its Equity Interests listed on a nationally recognized stock exchange which has a market capitalization of at least \$5,000,000,000 or (iii) a Person that based on its most recent audited balance sheet has at least \$5,000,000,000 of assets, and/or in all cases, is in the good faith determination of the Board of being financially capable of carrying out the obligations and promptly paying all liabilities as they become due and payable under and in accordance with this Agreement and such Person is not a Prohibited Competitor; provided, that a Person that consummated a foreclosure pursuant to Section 6.2(b) shall be deemed a Qualified Transferee.

“Qualifying Core Asset Base” means an amount equal to the net property, plant and equipment of the Qualifying Core Assets, taken as a whole, including any joint ventures consolidated on the Company’s financial statements, as determined based on the annual financial statements prepared according to GAAP.

“Qualifying Core Assets” means assets (including the GenCo Assets) utilized in connection with the conduct of the Company’s and its Subsidiaries’ business (a) on which the Company reasonably expects that it or its Subsidiaries will be eligible to include in the applicable rate base and to earn a return on through rates approved by the IURC, FERC or such other applicable Governmental Body that are commercially reasonable (to be determined by the Board in good faith) and are not otherwise inconsistent with such applicable Governmental Body (as the case may be) rate precedent or (b) which are reasonably necessary, including any generating facilities and related infrastructure, (as determined by the Board in good faith) for the Company’s and its Subsidiaries’ performance under the GenCo Offtake Agreements in accordance with the terms thereof or to serve certain large load or hyperscale customers pursuant to a

“special contract” or similar arrangement (including any tariff), as submitted to the IURC and/or otherwise consistent with applicable Law at such time, including any applicable IURC rules and regulations. For the avoidance of doubt, “Qualifying Core Assets” shall also include necessary or ancillary expenses to support such assets (including working capital). Further, for the avoidance of doubt, the sale of any excess electricity, storage, capacity or ancillary products generated or produced by any such generating facilities or related infrastructure within the applicable wholesale market shall not affect whether such assets, generating facilities or related infrastructure are Qualifying Core Assets.

“Representatives” means the directors, officers, employees, agents and Advisors of a Party.

“Sanctioned Country” means a country or territory that is the target of comprehensive Sanctions (currently, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, and the so-called Donetsk and Luhansk People’s Republics in eastern Ukraine).

“Sanctioned Person” means, (a) any Person listed in any Sanctions-related list of designated Persons maintained by a Governmental Body described in the definition of “Sanctions,” (b) any Person operating, organized, domiciled or resident in a Sanctioned Country, (c) the government of, or a Governmental Body or government official of, any Sanctioned Country or of Venezuela, or (d) any Person directly or indirectly owned or otherwise controlled by, acting for or on behalf of, or acting at the direction of, any such Person described in clauses (a), (b), or (c).

“Sanctions” means any trade or economic sanctions imposed, administered or enforced from time to time by OFAC, the U.S. Department of State, His Majesty’s Treasury, the United Nations, the European Union or any agency or subdivision of any of the foregoing, including any regulations, rules and executive orders issued in connection therewith.

“Securities Act” has the meaning set forth in the definition of “Excluded Membership Interests”.

“Senior Officers” means with respect to the NiSource Member, the Chief Executive Officer of the Parent, and with respect to the Investor Members, the Global Head of Infrastructure of Blackstone Inc.

“Spin Return Threshold” means the Investor Return Threshold and the MOIC Return Threshold.

“Subsidiary” means, with respect to any Person, any entity of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or any partnership, association or other entity of which a majority of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tag Portion” means an amount of Membership Interests equal to the specified quantity of Tag-Along Offered Membership Interests multiplied by the applicable Investor Member’s Percentage Interest.

“Tax” or “Taxes” means any federal, state, local or foreign taxes, including income, gross receipts, capital stock, capital gains, franchise, profits, license, withholding, payroll, social security,

unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, excise, transfer, value added, import, export, alternative minimum, estimated or other tax, duty, assessment or governmental charge in the nature of a tax, including any interest, penalty or addition thereto.

“Tax Return” means any return, claim for refund, report, election, form, statement or information return relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

“Third Party” means, with respect to a Member, another Person that is not another Member or an Affiliate of a Member.

“Transfer” shall mean, with respect to the legal or beneficial ownership of any of a Member’s Membership Interests, any sale, assignment, transfer, pledge, encumbrance, hypothecation or other similar arrangement or disposal, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law (through a Change in Control or otherwise) including by the entry into any contract, option or other arrangement, or the granting or imposition of any Lien, that gives any Person other than the Member, whether or not upon the occurrence or nonoccurrence of an event, the right to acquire any Membership Interests or any interest therein, to vote any Membership Interest, or to require that any Membership Interests be transferred, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law. For the avoidance of doubt and notwithstanding the foregoing, none of the following shall constitute a Transfer: (i) a sale, assignment, transfer, or other disposition of Equity Interests in any Member or any direct or indirect parent of such Member in which such Member represents less than fifty percent (50%) of the Fair Market Value of all of the assets directly or indirectly held by such Member or direct or indirect parent the Equity Interests of which are being disposed, except in any such case as expressly set forth in Section 6.2(b), (ii) a Change in Control of the NiSource Member, (iii) indirect transfers of Membership Interests resulting solely from acquisitions and dispositions of Equity Interests of Blackstone Inc., Parent or their respective Affiliates on the New York Stock Exchange, (iv) Change in Control of or any other sale, assignment, transfer, or other disposition of Equity Interests in the Parent, (v) any direct or indirect transfer to a Permitted Transferee of Equity Interests in either Investor Member that does not result in a Change in Control of such Investor Member, (vi) any direct or indirect transfer of Equity Interests in the NiSource Member that does not result in a Change in Control of the NiSource Member and (vii) as permitted under Section 6.2(b).

“Zonal Resource Credits” shall have the meaning defined in Module E of the Midcontinent Independent System Operator (MISO) Tariff.

Section 13.17 Terms Defined Elsewhere in this Agreement. As used in this Agreement, the following terms shall have the meanings ascribed to them in the sections indicated:

| <u>Term</u>                        | <u>Section</u>   |
|------------------------------------|------------------|
| AAA                                | Section 13.13(a) |
| Affiliate Agreement Default        | Section 2.14(c)  |
| Affiliate Agreement Default Notice | Section 2.14(c)  |
| Affiliate Agreements               | Section 2.14(a)  |
| Agreement                          | Preamble         |
| BIP Investor Member                | Preamble         |
| BIP Investor Initial Contribution  | Recitals         |
| Blocker Seller                     | Section 6.7      |
| Board                              | Section 2.1      |

|                                     |                      |
|-------------------------------------|----------------------|
| Board Observer                      | Section 2.13         |
| Call Consummation Period            | Section 5.1(e)       |
| Call Exercise Price                 | Section 5.1(e)       |
| Call Notice                         | Section 5.1(e)       |
| Call Right                          | Section 5.1(e)       |
| Capital Request Funding Date        | Section 5.1(a)       |
| Capital Request Notice              | Section 5.1(a)       |
| Company                             | Preamble             |
| Company Business                    | Section 1.3(a)       |
| Confidential Information            | Section 9.6(a)       |
| Contributing Member                 | Section 5.1(b)(ii)   |
| Contribution Unfunded Amount Notice | Section 5.1(b)       |
| Corporate Opportunity               | Section 9.3(b)       |
| Cure Period                         | Section 5.1(e)       |
| Defaulting Member                   | Section 4.2          |
| Designated Alternate                | Section 2.2(e)       |
| Directors                           | Section 2.1          |
| Drag-Along Buyer                    | Section 6.5(a)       |
| Drag-Along Notice                   | Section 6.5(b)       |
| Drag-Along Right                    | Section 6.5(a)       |
| Drag-Along Sale                     | Section 6.5(a)       |
| Event of Default                    | Section 4.1          |
| Event of Dissolution                | Section 4.3(a)       |
| Excess Contribution                 | Section 5.1(b)(i)    |
| Fund Indemnites                     | Section 11.7         |
| Fund Indemnitors                    | Section 11.7         |
| GenCo                               | Recitals             |
| GenCo Offtake Agreement             | Section 1.3(iv)      |
| Independent Evaluator               | Section 13.15        |
| Investor Directors                  | Section 2.2(b)       |
| Investor Initial Contribution       | Recitals             |
| Investor Members                    | Preamble             |
| Investor Offer                      | Section 6.3(a)(i)(B) |
| Investor Sale Notice                | Section 6.3(a)(i)(A) |
| Lock-Up Period                      | Section 6.1(b)       |
| Mandatory Capital Contribution      | Section 5.1(a)       |
| Management Update Meeting           | Section 2.7(b)       |
| NHII                                | Recitals             |
| NiSource Directors                  | Section 2.2(d)       |
| NiSource Member                     | Preamble             |
| NiSource Sale Notice                | Section 6.3(a)(i)(B) |
| Non-Transferring Member             | Section 6.3(a)       |
| Over-Contributing Member            | Section 5.1(b)(i)    |
| Parent                              | Preamble             |
| Partnership Representative          | Section 10.2         |
| Party                               | Preamble             |

Preemptive Right  
Preemptive Right Notice Period

Section 7.1  
Section 7.1

|                                        |                       |
|----------------------------------------|-----------------------|
| Preemptive Right Participation Notice  | Section 7.1           |
| Pro Rata Request Amount                | Section 5.1(a)        |
| Regulatory Allocations                 | Section 5.7(h)        |
| Response To Capital Call               | Section 5.1(a)        |
| Sale Period                            | Section 6.3(a)(ii)    |
| Senior Management Termination Event    | Schedule 2            |
| Senior Management Member               | Schedule 2            |
| Subject Membership Interests           | Section 6.3(a)        |
| Tag-Along Buyer                        | Section 6.4(a)        |
| Tag-Along Notice                       | Section 6.4(a)        |
| Tag-Along Offered Membership Interests | Section 6.4(a)        |
| Tag-Along Sale                         | Section 6.4(a)        |
| Threshold Price                        | Section 6.3(a)(ii)    |
| Total Number of Directors              | Section 2.2(a)        |
| Transferring Member                    | Section 6.3(a)        |
| Unfunded Amount                        | Section 5.1(b)        |
| Unfunded Amount Loan                   | Section 5.1(b)(ii)(A) |
| VCOC Investor Member                   | Preamble              |
| VCOC Investor Initial Contribution     | Recitals              |

Section 13.18 Other Definitional Provisions. The following shall apply to this Agreement:

(a) Accounting terms which are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement shall control.

(b) The terms “hereof,” “herein” and “hereunder” and terms of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, schedule and exhibit references contained in this Agreement are references to sections, clauses, schedules and exhibits in or to this Agreement, unless otherwise specified.

(c) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Where the context permits, the use of the term “or” shall be equivalent to the use of the term “and/or.”

(d) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day. In addition, notwithstanding any deadline for payment, performance, notice or election under this Agreement, if such deadline falls on a date that is not a Business Day, then the deadline for such payment, performance, notice or election will be extended to the next succeeding Business Day.

(e) Words denoting any gender shall include all genders, including the neutral gender. Where a word is defined herein, references to the singular shall include references to the plural and vice versa.

(f) The word “will” will be construed to have the same meaning and effect as the word “shall”. The words “shall,” “will,” or “agree(s)” are mandatory, and “may” is permissive.

(g) All references to “\$” and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(i) Any reference to any Contract shall be a reference to such agreement or Contract, as amended, amended and restated, modified, supplemented or waived.

(j) Any reference to any particular Code section or any Law shall be interpreted to include any amendment to, revision of or successor to that section or Law regardless of how it is numbered or classified; provided, that, for the purposes of the representations and warranties contained herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance, with any Code section or Law, the reference to such Code section or Law means such Code section or Law as in effect at the time of such violation or non-compliance or alleged violation or non-compliance.

(k) For all purposes of this Agreement (including the determination of a Member's Percentage Interest and its entitlement, if applicable, to designate one or more Directors), such Member and its Permitted Transferees shall be deemed to be, and shall be treated as, one and the same Member.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**The Company:**

Generation Holdings II LLC

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: Executive Vice President and Chief Financial Officer

*[Signature Page to A&R LLCA Generation Holdings II LLC]*

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IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**NiSource Member:**

Generation Holdings I LLC

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: Executive Vice President and Chief Financial Officer

Solely with respect to Article VI:

**Parent:**

NiSource Inc.

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: Executive Vice President and Chief Financial Officer

*[Signature Page to A&R LLCA Generation Holdings II LLC]*

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**BIP Investor Member:**

BIP Orion Holdco II L.P.

By: BIP Holdings Manager L.L.C., its managing member

By: /s/ Sebastien Sherman

Name: Sebastien Sherman

Title: Senior Managing Director

**VCOC Investor Member:**

BIP Orion Holdco II L.P.

By: BIP Holdings Manager L.L.C., its managing member

By: /s/ Sebastien Sherman

Name: Sebastien Sherman

Title: Senior Managing Director

*[Signature Page to A&R LLCA Generation Holdings II LLC]*

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Schedule 1  
**Schedule of Members**

SCHEDULE 2  
**Senior Management Termination Event**

**Appendix A**  
**PROHIBITED COMPETITORS**

**Exhibit 10.40**

CEO

**NiSource Inc.  
2020 Omnibus Incentive Plan**

**202[ ] Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award Agreement (the “Agreement”), is made and entered into as of [DATE] (the “Grant Date”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [NAME], an Employee of the Company or an Affiliate (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. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

**Section 1. Restricted Stock Unit Award.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of [insert number of units] Restricted Stock Units. The Restricted Stock Units shall be represented by a bookkeeping entry (the “RSU Account”) of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company’s common stock.

**Section 2. Grantee Accounts.** The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee’s RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee’s beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

**Section 3. Vesting and Lapse of Restrictions.**

- (a) Vesting. Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall vest on [insert date with three-year cliff vesting] (the “Vesting Date”), at which date they shall become 100% vested, provided that the Grantee is continuously employed by the Company through and including the Vesting Date.
- (b) Pro Rata or Accelerated Vesting. If the Grantee's Service is terminated for any reason (other than for Cause) prior to the Vesting Date, the restrictions set forth in subsection (a) above shall lapse and the Grantee shall vest in a *pro rata* or accelerated portion of such Restricted Share Units on the date of termination of Service for any reason in accordance with the attached Vesting Schedule. If subject to *pro rata* vesting, the lapse of restrictions shall be determined using a fraction, where the numerator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the date the Grantee terminates Service for any reason (other than for Cause), and the denominator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and Vesting Date.

- (c) Change in Control; Good Reason. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Restricted Stock Units under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. Notwithstanding the foregoing or anything herein to the contrary, in the event the Restricted Stock Units do not become Alternative Awards under the Plan, then the Restricted Stock Units shall be settled within 60 days following the Change in Control; provided, however, in the event the Restricted Stock Units constitute nonqualified deferred compensation subject to Code Section 409A and the Change in Control is not a “change in control event” within the meaning of Code Section 409A, then, to the extent required to comply with Code Section 409A, the vested Restricted Stock Units shall be settled within 60 days following the Vesting Date or, if earlier and subject to Section 4, upon Grantee’s termination of Service. Notwithstanding any other agreement between the Company and the Grantee, the “Good Reason” definition set forth in the Plan shall govern this award.

**Section 4. Delivery of Shares.** Once Restricted Stock Units have vested under this Agreement, the Company shall convert the Restricted Stock Units in the Grantee’s RSU Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date or, if earlier, Grantee’s termination of Service in accordance with Section 3(b). Notwithstanding the foregoing, to the extent any portion of the Restricted Stock Units are subject to Code Section 409A, if any Restricted Stock Units vest prior to the Vesting Date in connection with a Grantee’s “separation from service” within the meaning of Code Section 409A and the Grantee is a “specified employee” within the meaning of Code Section 409A at the time of such separation from service, the Shares represented by the vested Restricted Stock Units shall be issued and delivered on the first business day after the date that is six (6) months following the date of the Grantee’s separation from service (or if earlier, the Grantee’s date of death). The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company shall transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee’s written beneficiary designation or to the Grantee’s estate if no written beneficiary designation is provided.

**Section 5. Withholding of Taxes.** As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Restricted Stock Units or the payment of any cash pursuant to Section 9 hereof, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the “Required Tax Payments”) with respect to the Restricted Stock Units and any such cash payments. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments with respect to any Restricted Stock Units by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes

first arises in connection with the Restricted Stock Units (the “Tax Date”), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered to Grantee upon the vesting of the Restricted Stock Units, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full. For any cash payments made pursuant to Section 9 hereof, the Company shall withhold from such cash payments the Required Tax Payments.

**Section 6. Compliance with Applicable Law.** Notwithstanding anything contained herein to the contrary, the Company’s obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Restricted Stock Units shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Code Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company’s Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Code Section 409A.

**Section 7. Restriction on Transferability.** Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

**Section 8. Grantee’s Rights Unsecured.** The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee’s RSU Account or any other specific assets of the Company. All amounts credited to the Grantee’s RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

**Section 9. No Rights as Stockholder or Employee; Dividend Equivalent Cash Payments.**



- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units. Notwithstanding the foregoing, in the event that the Company declares a cash dividend or cash distribution on Shares, on the payment date of the dividend or distribution, the Grantee will be entitled to receive a cash payment equal to the amount of the cash dividend or distribution per Share multiplied by the number of Restricted Stock Units granted by this Agreement and held by the Grantee on the dividend's or distribution's record date (as adjusted for any proration). The cash payable to the Grantee under the preceding sentence, less any taxes required to be withheld under Section 5 hereof, will be distributed to the Grantee as soon as practicable after the date on which the respective cash dividend or distribution is paid to holders of Shares.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

**Section 10. Adjustments.** If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any Restricted Stock Units may be replaced by Alternative Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan.

**Section 11. Notices.** Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86<sup>th</sup> Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

**Section 12. Administration.** The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

**Section 13. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

**Section 14. 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 at all times shall be governed by the Plan, which is incorporated in this Agreement by reference, and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. This Agreement is pursuant to the terms of the Plan.

**Section 15. Code Section 409A Compliance.** This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for “specified employees” within the meaning of Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A’s rules. If the Grantee is unexpectedly required to include in the Grantee’s current year’s income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

**Section 16. Restrictive Covenant.**

- ) The Grantee understands the nature of the Company's business and the significant time and expense the Company and its Affiliates (collectively referred to in this Section as “NiSource”) have expended and continue to expend in attracting, developing, recruiting and training employees and that the loss of employees would cause significant and irreparable harm to NiSource. Accordingly, the Grantee agrees that the scope and duration of the restriction described in this Section 16 is reasonable and necessary to protect the legitimate business interests of NiSource. The Grantee agrees that during the period of the Grantee's Service and for a period of one (1) year following the Grantee's separation from Service, the Grantee shall not, without the express written approval of NiSource's Chief Human Resources Officer, directly or indirectly solicit, hire, recruit, or attempt to solicit, hire, or recruit, any then-current employee of NiSource or any employee who has been employed by NiSource in the six (6) months preceding such solicitation, hiring, or recruitment (“Covered Employee”). Soliciting, recruiting, or hiring Covered Employees with whom Grantee did not work or have direct contact while at NiSource to work as an employee, contractor, consultant or otherwise, shall not be considered a violation of this Section 16(a), provided, however, that Grantee does not solicit, employ or hire such employee with an intent to compete with NiSource in violation of this Section 16(a). Notwithstanding the foregoing, nothing in this Section shall restrict or preclude the Grantee from soliciting or hiring any employee who responds to a general employment solicitation or advertisement or contact by a recruiter that is not specifically focused or targeted on employees or former employees of NiSource, provided that the Grantee has not encouraged or advised such.

- ) If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section is invalid or unenforceable, the parties agree that (a) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (b) the parties shall request that the court exercise that power, and (c) this Agreement in its revised form shall be enforceable.
- ) Grantee agrees that in the event of a breach or threatened breach of the covenants contained in Section 16(a), in addition to any other damages or restrictions that may apply under any employment agreement, state law, or otherwise, the Grantee shall forfeit, upon written notice to such effect from the Company, any and all Awards granted to the Grantee under this Agreement, including vested Awards and including any proceeds thereof. The forfeiture provisions of this Section shall continue to apply, in accordance with their terms, after the provisions of any employment or other agreement between the Company and the Grantee have lapsed. Grantee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of this Section 16 may result in substantial, continuing, and irreparable injury to NiSource, and therefore agrees that, in addition to any other remedy that may be available to NiSource, NiSource shall be entitled to seek injunctive relief, specific performance, or other equitable relief (without the requirement to post bond) by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 16 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Grantee expressly acknowledges that Grantee's violation of this Section 16 will entitle NiSource to other equitable and legal remedies, including damages, attorney's fees, and costs, as allowed by law. The provisions of this Section 16 shall continue to apply, in accordance with their terms, after the Grantee's Service has terminated and regardless of whether the provisions of any employment or other agreement between the Company and the Grantee have lapsed.
- ) In the event the Grantee is required to forfeit outstanding vested Shares as a result of breaching the Grantee's obligations under this Section 16, the Grantee agrees to promptly execute such stock powers or other instruments of transfer in such forms as are acceptable to the Company without payment or other consideration therefor.

**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.**

/s/ Melanie Berman  
By: Melanie Berman

Its: Senior Vice President and Chief Human Resources Officer

## VESTING SCHEDULE

Awards granted in 2025:

- Termination at any time during 2025, the award vests in pro rata.
- Termination at any time between January 1, 2026 and the Vesting Date, the award is accelerated and becomes fully vested.

**Exhibit 10.41**

CEO

**NiSource Inc.**  
**2020 Omnibus Incentive Plan**  
**202[ ] Performance Share Unit Award Agreement**

This Performance Share Unit Award Agreement (the “Agreement”) is made and entered into as of [DATE] (the “Grant Date”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [NAME], an Employee of the Company or an Affiliate (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. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

**Section 1. Performance Share Unit Award.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, a target award of [insert number of units] Performance Share Units (the “Target Total Award” or “TTA”). The Performance Share Units shall be represented by a bookkeeping entry with respect to the Grantee (the “PSU Account”), and each Performance Share Unit shall be settled in one Share, to the extent provided under this Agreement and the Plan. This Agreement and the award shall be null and void unless the Grantee accepts this Agreement electronically within the Grantee’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect.

**Section 2. Performance-Based Vesting Conditions.**

(a) **General.** Subject to the remainder of this Agreement, the TTA shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in this Section 2 over the performance period [insert three year performance period] (the “Performance Period”), with a vesting date of \_ through [insert date after three year performance period] (the “Vesting Date”), provided that the Grantee remains in continuous Service through the Vesting Date. Attainment of the performance goals shall be determined and certified by the Compensation and Human Capital Committee of the Board of Directors of the Company (the “Committee”) prior to the settlement of the TTA.

(b) **[insert metric] Performance Goal.** Subject to the terms of this Agreement and the Plan, [insert number of performance share units for this metric] Performance Share Units ([ ] % of the TTA) shall be eligible to vest based on the Company’s achievement of [ ] during the Performance Period, as follows:

| Performance Level(1) | [Insert metric] | Percentage _____ of the TTA Eligible for Vesting |
|----------------------|-----------------|--------------------------------------------------|
| Trigger              | [ ]             | [ ]%                                             |
| Target               | [ ]             | [ ]%                                             |
| Stretch              | [ ]             | [ ]%                                             |

(1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(c) [insert metric] Performance Goals.

(1) Subject to the terms of this Agreement and the Plan, [ insert number of performance share units for this metric] of the Performance Share Units ([ ] % of the TTA) shall be eligible to vest based on the Company's achievement of [ ] goals during the Performance Period, as follows:

| LTI Metrics-Measure | TTA Weighting | Trigger | Target | Stretch |
|---------------------|---------------|---------|--------|---------|
| [insert metrics]    |               |         |        |         |

(2) The total of the weighted levels of achievement for the performance measures described in Section 2(c)(1), above shall be aggregated and the percentage of Performance Share Units eligible to vest under Section 2(c) shall vest in the respective percentages set forth below, as applicable.

| Performance Levels(1) | Percentage of the TTA Vesting Based on Achievement |
|-----------------------|----------------------------------------------------|
| Trigger               | [ ]                                                |
| Target                | [ ]                                                |
| Stretch               | [ ]                                                |

(1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(d) Definitions.

[insert metric definitions.]

**Section 3. Termination of Employment.**

- (a) Vesting. Subject to the conditions described later in this Agreement, the Performance Share Units shall vest on [insert date following performance period] based on actual performance results, provided that the Grantee is continuously employed by the Company through the Vesting Date.
- (b) Pro Rata or Accelerated Vesting Upon Termination of Service. If the Grantee's Service is terminated for any reason prior to the Vesting Date (other than for Cause, Disability or Death), then the Grantee shall vest in a *pro rata* or accelerated portion of such Performance Share Units in accordance with the attached Vesting Schedule, based on the actual performance results for the Performance Period. If subject to *pro rata* vesting, the *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of Performance Share Units earned based on actual performance by a fraction, where the numerator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the date the Grantee terminates Service for any reason (other than for Cause, Disability or Death), and the denominator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the Vesting Date.
- (c) Effect of Termination of Service due to Disability or Death.
  - (1) Notwithstanding the foregoing, in the event that the Grantee's Service terminates on or prior to the Vesting Date as a result of the Grantee's Disability, or (ii) death and such death occurs with less than or equal to twelve months remaining in the Performance Period, then the Grantee (or the Grantee's beneficiary or estate in the case of the Grantee's death) shall vest in a *pro rata* portion of the Performance Share Units, based on the actual performance results for the Performance Period. Such *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of Performance Share Units earned based on actual performance by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.
  - (2) Notwithstanding the foregoing, in the event that the Grantee terminates Service due to death prior to the Vesting Date and with more than 12 months remaining in the Performance Period, then the Grantee's beneficiary or estate shall vest, on the date of termination of Service, in a *pro rata* portion of the target Performance Share Units. Such *pro rata* portion of the Performance



Share Units shall be determined by multiplying the number of target Performance Share Units by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.

- (d) Change in Control; Good Reason. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Performance Share Units under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. Notwithstanding any other agreement between the Company and the Grantee, the "Good Reason" definition set forth in the Plan shall govern this award."

**Section 4. Delivery of Shares.** Subject to the terms of this Agreement and except as otherwise provided for herein, the Company shall convert the Performance Share Units in the Grantee's PSU Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date (but in any event no later than the March 15th immediately following the year in which the substantial risk of forfeiture with respect to the Performance Share Units lapses) or, if earlier, within 30 days following (a) the Grantee's death in accordance with Section 3(c)(2), (b) Grantee's termination of Service without Cause or due to Good Reason in accordance with the Change in Control provisions of the Plan or (c) a Change in Control in the event the Performance Share Units do not become Alternative Awards under the Plan. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has issued or distributed the vested Performance Share Units, the Company shall transfer any Shares with respect to the vested Performance Share Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided. The issuance or delivery of the Shares hereunder shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 5.

**Section 5. Withholding of Taxes.** As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Performance Share Units, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Performance Share Units. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Performance Share Units (the "Tax Date"), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered to Grantee upon the vesting of the Performance Share Units, a number

of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

**Section 6. Compliance with Applicable Law.** Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Share Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Performance Share Units shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Code Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Code Section 409A.

**Section 7. Restriction on Transferability.** Except as otherwise provided under the Plan, until the Performance Share Units have vested under this Agreement, the Performance Share Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Share Units.

**Section 8. Grantee's Rights Unsecured.** The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's PSU Account, any Shares or any other specific assets of the Company. All amounts credited to the Grantee's PSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate.

**Section 9. No Rights as Stockholder or Employee; Dividend Equivalent Rights.**

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Share Units subject to this Agreement, nor shall the Company have any obligation to issue any dividend or otherwise afford any rights to which Shares are entitled with respect to any such Performance Share Units. Notwithstanding the foregoing, in the event that the Company declares a cash dividend or distribution on Shares,

the Grantee will be credited with Dividend Equivalent Rights equal to the amount of the cash dividend or distribution per Share multiplied by the number of Performance Share Units granted by this Agreement and held by the Grantee on the dividend's or distribution's record date (as adjusted for any proration). The Dividend Equivalent Rights credited to the Grantee under the preceding sentence will be deemed to be reinvested in additional Performance Share Units, which will be subject to the same terms regarding vesting, forfeiture, and Dividend Equivalent Rights as Performance Share Units awarded to the Grantee under this Agreement. Following the Performance Period, the Grantee will be entitled to receive a cash payment equal to the value of the accrued Dividend Equivalent Rights (as adjusted for any proration) multiplied by the vested percentage of the TTA determined under Sections 2(b), 2(c), and 2(d) above.

- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

**Section 10. Adjustments.** If at any time while the Award is outstanding, the number of outstanding Performance Share Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan (in each case as determined by the Committee), the number and kind of Performance Share Units and the performance goals, as applicable, shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any Performance Share Units may be replaced by Alternative Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan, as determined by the Committee.

**Section 11. Notices.** Any notice hereunder by the Grantee shall be given to the Company in writing, and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271 (or at such other address as the Company may designate by notice to the Grantee). Any notice hereunder by the Company shall be given to the Grantee in writing, and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

**Section 12. Administration.** The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

**Section 13. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

**Section 14. Entire Agreement; Agreement Subject to Plan.** This Agreement and the Plan contain all of the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Grantee hereby acknowledges receipt of a copy of the Plan.

**Section 15. Code Section 409A Compliance.** This Agreement and the Performance Share Units granted hereunder are intended to be exempt from Code Section 409A to the maximum extent possible, and shall be interpreted and construed accordingly.

**Section 16. Restrictive Covenant.**

- (a) The Grantee understands the nature of the Company's business and the significant time and expense the Company and its Affiliates (collectively referred to in this Section as "NiSource") have expended and continue to expend in attracting, developing, recruiting and training employees and that the loss of employees would cause significant and irreparable harm to NiSource. Accordingly, the Grantee agrees that the scope and duration of the restriction described in this Section 16 is reasonable and necessary to protect the legitimate business interests of NiSource. The Grantee agrees that during the period of the Grantee's Service and for a period of one (1) year following the Grantee's separation from Service, the Grantee shall not, without the express written approval of NiSource's Chief Human Resources Officer, directly or indirectly solicit, hire, recruit, or attempt to solicit, hire, or recruit, any then-current employee of NiSource or any employee who has been employed by NiSource in the six (6) months preceding such solicitation, hiring, or recruitment ("Covered Employee"). Soliciting, recruiting, or hiring Covered Employees with whom Grantee did not work or have direct contact while at NiSource to work as an employee, contractor, consultant or otherwise, shall not be considered a violation of this Section 16(a), provided, however, that Grantee does not solicit, employ or hire such employee with an intent to compete with NiSource in violation of this Section 16(a). Notwithstanding the foregoing, nothing in this Section shall restrict or preclude the Grantee from soliciting or hiring any employee who responds to a general employment solicitation or advertisement or contact by a recruiter that is not specifically focused or targeted on employees or former employees of NiSource, provided that the Grantee has not encouraged or advised such.
- (b) If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section is invalid or unenforceable, the parties agree that (a) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or

provision, (b) the parties shall request that the court exercise that power, and (c) this Agreement in its revised form shall be enforceable.

- (c) Grantee agrees that in the event of a breach or threatened breach of the covenants contained in Section 16(a), in addition to any other damages or restrictions that may apply under any employment agreement, state law, or otherwise, the Grantee shall forfeit, upon written notice to such effect from the Company, any and all Awards granted to the Grantee under this Agreement, including vested Awards and including any proceeds thereof. The forfeiture provisions of this Section shall continue to apply, in accordance with their terms, after the provisions of any employment or other agreement between the Company and the Grantee have lapsed. Grantee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of this Section 16 may result in substantial, continuing, and irreparable injury to NiSource, and therefore agrees that, in addition to any other remedy that may be available to NiSource, NiSource shall be entitled to seek injunctive relief, specific performance, or other equitable relief (without the requirement to post bond) by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 16 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Grantee expressly acknowledges that Grantee's violation of this Section 16 will entitle NiSource to other equitable and legal remedies, including damages, attorney's fees, and costs, as allowed by law. The provisions of this Section 16 shall continue to apply, in accordance with their terms, after the Grantee's Service has terminated and regardless of whether the provisions of any employment or other agreement between the Company and the Grantee have lapsed.
- (d) In the event the Grantee is required to forfeit outstanding vested Shares as a result of breaching the Grantee's obligations under this Section 16, the Grantee agrees to promptly execute such stock powers or other instruments of transfer in such forms as are acceptable to the Company without payment or other consideration therefor.

**IN WITNESS WHEREOF**, the Company has caused the Performance Share Units subject to this Agreement to be granted, and the Grantee has accepted the Performance Share Units subject to the terms of the Agreement, as of the date first above written.

**NISOURCE INC.**

/s/ Melanie Berman

By: Melanie Berman

Its: Senior Vice President and Chief Human Resources Officer

#### VESTING SCHEDULE

Awards granted in 2025, for the 2025-2027 Performance Period:

- Termination at any time during 2025, the award vests in pro rata.
- Termination at any time between January 1, 2026 and the Vesting Date, the award is accelerated and becomes fully vested.

**Exhibit 10.42**

CEO

**NiSource Inc.  
2020 Omnibus Incentive Plan**

**202[ ] Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award Agreement (the “Agreement”), is made and entered into as of [DATE] (the “Grant Date”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [NAME], an Employee of the Company or an Affiliate (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. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

**Section 1. Restricted Stock Unit Award.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of [insert number of units] Restricted Stock Units. The Restricted Stock Units shall be represented by a bookkeeping entry (the “RSU Account”) of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company’s common stock.

**Section 2. Grantee Accounts.** The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee’s RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee’s beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

**Section 3. Vesting and Lapse of Restrictions.**

- (a) Vesting. Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall vest on [insert date with three-year cliff vesting] (the “Vesting Date”), at which date they shall become 100% vested, provided that the Grantee is continuously employed by the Company through and including the Vesting Date.
  - (b) Pro Rata or Full Vesting. If the Grantee's Service is terminated for any reason (other than for Cause) prior to the Vesting Date, the restrictions set forth in subsection (a) above shall lapse and the Grantee shall vest in a *pro rata* or full portion of such Restricted Share Units on the date of termination of Service for any reason in accordance with the attached Vesting Schedule. If subject to *pro rata* vesting, the lapse of restrictions shall be determined using a fraction, where the numerator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the date the Grantee terminates Service for any reason (other than for Cause), and the denominator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and Vesting Date.
  - (c) Change in Control; Good Reason. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Restricted Stock Units under this Agreement
-



shall be subject to the Change in Control provisions set forth in the Plan. Notwithstanding the foregoing or anything herein to the contrary, in the event the Restricted Stock Units do not become Alternative Awards under the Plan, then the Restricted Stock Units shall be settled within 60 days following the Change in Control; provided, however, in the event the Restricted Stock Units constitute nonqualified deferred compensation subject to Code Section 409A and the Change in Control is not a “change in control event” within the meaning of Code Section 409A, then, to the extent required to comply with Code Section 409A, the vested Restricted Stock Units shall be settled within 60 days following the Vesting Date or, if earlier and subject to Section 4, upon Grantee’s termination of Service. Notwithstanding any other agreement between the Company and the Grantee, the “Good Reason” definition set forth in the Plan shall govern this award.

**Section 4. Delivery of Shares.** Once Restricted Stock Units have vested under this Agreement, the Company shall convert the Restricted Stock Units in the Grantee’s RSU Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date or, if earlier, Grantee’s termination of Service in accordance with Section 3(b). Notwithstanding the foregoing, to the extent any portion of the Restricted Stock Units are subject to Code Section 409A, if any Restricted Stock Units vest prior to the Vesting Date in connection with a Grantee’s “separation from service” within the meaning of Code Section 409A and the Grantee is a “specified employee” within the meaning of Code Section 409A at the time of such separation from service, the Shares represented by the vested Restricted Stock Units shall be issued and delivered on the first business day after the date that is six (6) months following the date of the Grantee’s separation from service (or if earlier, the Grantee’s date of death). The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company shall transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee’s written beneficiary designation or to the Grantee’s estate if no written beneficiary designation is provided.

**Section 5. Withholding of Taxes.** As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Restricted Stock Units or the payment of any cash pursuant to Section 9 hereof, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the “Required Tax Payments”) with respect to the Restricted Stock Units and any such cash payments. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments with respect to any Restricted Stock Units by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Restricted Stock Units (the “Tax Date”), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered

to Grantee upon the vesting of the Restricted Stock Units, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full. For any cash payments made pursuant to Section 9 hereof, the Company shall withhold from such cash payments the Required Tax Payments.

**Section 6. Compliance with Applicable Law.** Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Restricted Stock Units shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Code Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Code Section 409A.

**Section 7. Restriction on Transferability.** Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

**Section 8. Grantee's Rights Unsecured.** The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

**Section 9. No Rights as Stockholder or Employee; Dividend Equivalent Cash Payments.**

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted

Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units. Notwithstanding the foregoing, in the event that the Company declares a cash dividend or cash distribution on Shares, on the payment date of the dividend or distribution, the Grantee will be entitled to receive a cash payment equal to the amount of the cash dividend or distribution per Share multiplied by the number of Restricted Stock Units granted by this Agreement and held by the Grantee on the dividend's or distribution's record date (as adjusted for any proration). The cash payable to the Grantee under the preceding sentence, less any taxes required to be withheld under Section 5 hereof, will be distributed to the Grantee as soon as practicable after the date on which the respective cash dividend or distribution is paid to holders of Shares.

- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

**Section 10. Adjustments.** If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any Restricted Stock Units may be replaced by Alternative Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan.

**Section 11. Notices.** Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86<sup>th</sup> Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

**Section 12. Administration.** The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

**Section 13. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

**Section 14. 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 at all times shall be governed by the Plan, which is incorporated in this Agreement by reference, and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. This Agreement is pursuant to the terms of the Plan.

**Section 15. Code Section 409A Compliance.** This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for “specified employees” within the meaning of Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A’s rules. If the Grantee is unexpectedly required to include in the Grantee’s current year’s income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

**Section 16. Restrictive Covenant.**

- ) The Grantee understands the nature of the Company's business and the significant time and expense the Company and its Affiliates (collectively referred to in this Section as “NiSource”) have expended and continue to expend in attracting, developing, recruiting and training employees and that the loss of employees would cause significant and irreparable harm to NiSource. Accordingly, the Grantee agrees that the scope and duration of the restriction described in this Section 16 is reasonable and necessary to protect the legitimate business interests of NiSource. The Grantee agrees that during the period of the Grantee's Service and for a period of one (1) year following the Grantee's separation from Service, the Grantee shall not, without the express written approval of NiSource's Chief Human Resources Officer, directly or indirectly solicit, hire, recruit, or attempt to solicit, hire, or recruit, any then-current employee of NiSource or any employee who has been employed by NiSource in the six (6) months preceding such solicitation, hiring, or recruitment (“Covered Employee”). Soliciting, recruiting, or hiring Covered Employees with whom Grantee did not work or have direct contact while at NiSource to work as an employee, contractor, consultant or otherwise, shall not be considered a violation of this Section 16(a), provided, however, that Grantee does not solicit, employ or hire such employee with an intent to compete with NiSource in violation of this Section 16(a). Notwithstanding the foregoing, nothing in this Section shall restrict or preclude the Grantee from soliciting or hiring any employee who responds to a general employment solicitation or advertisement or contact by a recruiter that is not specifically focused or targeted on employees or former employees of NiSource, provided that the Grantee has not encouraged or advised such.

- ) If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section is invalid or unenforceable, the parties agree that (a) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (b) the parties shall request that the court exercise that power, and (c) this Agreement in its revised form shall be enforceable.
- ) Grantee agrees that in the event of a breach or threatened breach of the covenants contained in Section 16(a), in addition to any other damages or restrictions that may apply under any employment agreement, state law, or otherwise, the Grantee shall forfeit, upon written notice to such effect from the Company, any and all Awards granted to the Grantee under this Agreement, including vested Awards and including any proceeds thereof. The forfeiture provisions of this Section shall continue to apply, in accordance with their terms, after the provisions of any employment or other agreement between the Company and the Grantee have lapsed. Grantee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of this Section 16 may result in substantial, continuing, and irreparable injury to NiSource, and therefore agrees that, in addition to any other remedy that may be available to NiSource, NiSource shall be entitled to seek injunctive relief, specific performance, or other equitable relief (without the requirement to post bond) by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 16 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Grantee expressly acknowledges that Grantee's violation of this Section 16 will entitle NiSource to other equitable and legal remedies, including damages, attorney's fees, and costs, as allowed by law. The provisions of this Section 16 shall continue to apply, in accordance with their terms, after the Grantee's Service has terminated and regardless of whether the provisions of any employment or other agreement between the Company and the Grantee have lapsed.
- ) In the event the Grantee is required to forfeit outstanding vested Shares as a result of breaching the Grantee's obligations under this Section 16, the Grantee agrees to promptly execute such stock powers or other instruments of transfer in such forms as are acceptable to the Company without payment or other consideration therefor.

**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.**

/s/ Melanie Berman

By: Melanie Berman

Its: Executive Vice President and Chief Human Resources Officer



#### VESTING SCHEDULE

- Termination at any time during [the first Calendar year of the grant], the award vests in pro rata.
- Termination at any time [after the first calendar year of the grant and before the Vesting Date], the award becomes fully vested.

**Exhibit 10.43**

CEO

**NiSource Inc.**  
**2020 Omnibus Incentive Plan**  
**202[ ] Performance Share Unit Award Agreement**

This Performance Share Unit Award Agreement (the “Agreement”) is made and entered into as of [DATE] (the “Grant Date”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [NAME], an Employee of the Company or an Affiliate (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. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

**Section 1. Performance Share Unit Award.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, a target award of [insert number of units] Performance Share Units (the “Target Total Award” or “TTA”). The Performance Share Units shall be represented by a bookkeeping entry with respect to the Grantee (the “PSU Account”), and each Performance Share Unit shall be settled in one Share, to the extent provided under this Agreement and the Plan. This Agreement and the award shall be null and void unless the Grantee accepts this Agreement electronically within the Grantee’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect.

**Section 2. Performance-Based Vesting Conditions.**

(a) **General.** Subject to the remainder of this Agreement, the TTA shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in this Section 2 over the performance period [insert three year performance period] (the “Performance Period”), with a vesting date of \_\_\_\_\_ [insert date after three year performance period] (the “Vesting Date”), provided that the Grantee remains in continuous Service through the Vesting Date and subject to provisions in Section 3. Attainment of the performance goals shall be determined and certified by the Compensation and Human Capital Committee of the Board of Directors of the Company (the “Committee”) prior to the settlement of the TTA.

(b) **[insert metric] Performance Goal.** Subject to the terms of this Agreement and the Plan, [insert number of performance share units for this metric] Performance Share Units ([ ] % of the TTA) shall be eligible to vest based on the Company’s achievement of [ ] during the Performance Period, as follows:

| Performance Level(1) | [Insert metric] | Percentage _____ of the TTA Eligible for Vesting |
|----------------------|-----------------|--------------------------------------------------|
| Trigger              | [ ]             | [ ]%                                             |
| Target               | [ ]             | [ ]%                                             |
| Stretch              | [ ]             | [ ]%                                             |



- (1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(c) [insert metric] Performance Goals.

- (1) Subject to the terms of this Agreement and the Plan, [ insert number of performance share units for this metric] of the Performance Share Units ([ ] % of the TTA) shall be eligible to vest based on the Company's achievement of [ ] goals during the Performance Period, as follows:

| LTI Metrics-Measure | TTA Weighting | Trigger | Target | Stretch |
|---------------------|---------------|---------|--------|---------|
| [insert metrics]    |               |         |        |         |

- (2) The total of the weighted levels of achievement for the performance measures described in Section 2(c)(1), above shall be aggregated and the percentage of Performance Share Units eligible to vest under Section 2(c), shall vest in the respective percentages set forth below, as applicable.

| Performance Levels(1) | Percentage of the TTA Vesting Based on Achievement |
|-----------------------|----------------------------------------------------|
| Trigger               | [ ]                                                |
| Target                | [ ]                                                |
| Stretch               | [ ]                                                |

- (1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(d) Definitions.

[insert metric definitions.]

### Section 3. Termination of Employment.

- (a) Vesting. Subject to the conditions described later in this Agreement, the Performance Share Units shall vest on [insert date following performance period] based on actual performance results, provided that the Grantee is continuously employed by the Company through the Vesting Date.
- (b) Pro Rata or Full Vesting Upon Termination of Service. If the Grantee's Service is terminated for any reason prior to the Vesting Date (other than for Cause, Disability or Death), then the Grantee shall vest in a *pro rata* or full portion of such Performance Share Units in accordance with the attached Vesting Schedule, based on the actual performance results for the Performance Period. If subject to *pro rata* vesting, the *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of Performance Share Units earned based on actual performance by a fraction, where the numerator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the date the Grantee terminates Service for any reason (other than for Cause, Disability or Death), and the denominator shall be the number of calendar months (whether full or partial months) elapsed between the Grant Date and the Vesting Date.
- (c) Effect of Termination of Service due to Disability or Death.
  - (1) Notwithstanding the foregoing, in the event that the Grantee's Service terminates on or prior to the Vesting Date as a result of the Grantee's Disability, or (ii) death and such death occurs with less than or equal to twelve months remaining in the Performance Period, then the Grantee (or the Grantee's beneficiary or estate in the case of the Grantee's death) shall vest in a *pro rata* portion of the Performance Share Units, based on the actual performance results for the Performance Period. Such *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of Performance Share Units earned based on actual performance by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.
  - (2) Notwithstanding the foregoing, in the event that the Grantee terminates Service due to death prior to the Vesting Date and with more than 12 months remaining in the Performance Period, then the Grantee's beneficiary or estate shall vest, on the date of termination of Service, in a *pro rata* portion of the target Performance Share Units. Such *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of target

Performance Share Units by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.

- (d) Change in Control; Good Reason. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Performance Share Units under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. Notwithstanding any other agreement between the Company and the Grantee, the "Good Reason" definition set forth in the Plan shall govern this award."

**Section 4. Delivery of Shares.** Subject to the terms of this Agreement and except as otherwise provided for herein, the Company shall convert the Performance Share Units in the Grantee's PSU Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date (but in any event no later than the March 15th immediately following the year in which the substantial risk of forfeiture with respect to the Performance Share Units lapses) or, if earlier, within 30 days following (a) the Grantee's death in accordance with Section 3(c)(2), (b) Grantee's termination of Service without Cause or due to Good Reason in accordance with the Change in Control provisions of the Plan or (c) a Change in Control in the event the Performance Share Units do not become Alternative Awards under the Plan. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has issued or distributed the vested Performance Share Units, the Company shall transfer any Shares with respect to the vested Performance Share Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided. The issuance or delivery of the Shares hereunder shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 5.

**Section 5. Withholding of Taxes.** As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Performance Share Units, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Performance Share Units. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Performance Share Units (the "Tax Date"), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered to Grantee upon the vesting of the Performance Share Units, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax

Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

**Section 6. Compliance with Applicable Law.** Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Share Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Performance Share Units shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Code Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Code Section 409A.

**Section 7. Restriction on Transferability.** Except as otherwise provided under the Plan, until the Performance Share Units have vested under this Agreement, the Performance Share Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Share Units.

**Section 8. Grantee's Rights Unsecured.** The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's PSU Account, any Shares or any other specific assets of the Company. All amounts credited to the Grantee's PSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate.

**Section 9. No Rights as Stockholder or Employee; Dividend Equivalent Rights.**

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Share Units subject to this Agreement, nor shall the Company have any obligation to issue any dividend or otherwise afford any rights to which Shares are entitled with respect to any such Performance Share Units. Notwithstanding the foregoing, in the event that the Company declares a cash dividend or distribution on Shares, the Grantee will be credited with Dividend Equivalent Rights equal to the amount

of the cash dividend or distribution per Share multiplied by the number of Performance Share Units granted by this Agreement and held by the Grantee on the dividend's or distribution's record date (as adjusted for any proration). The Dividend Equivalent Rights credited to the Grantee under the preceding sentence will be deemed to be reinvested in additional Performance Share Units, which will be subject to the same terms regarding vesting, forfeiture, and Dividend Equivalent Rights as Performance Share Units awarded to the Grantee under this Agreement. Following the Performance Period, the Grantee will be entitled to receive a cash payment equal to the value of the accrued Dividend Equivalent Rights (as adjusted for any proration) multiplied by the vested percentage of the TTA determined under Sections 2(b), 2(c), and 2(d), above.

- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

**Section 10. Adjustments.** If at any time while the Award is outstanding, the number of outstanding Performance Share Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan (in each case as determined by the Committee), the number and kind of Performance Share Units and the performance goals, as applicable, shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any Performance Share Units may be replaced by Alternative Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan, as determined by the Committee.

**Section 11. Notices.** Any notice hereunder by the Grantee shall be given to the Company in writing, and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271 (or at such other address as the Company may designate by notice to the Grantee). Any notice hereunder by the Company shall be given to the Grantee in writing, and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

**Section 12. Administration.** The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

**Section 13. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

**Section 14. Entire Agreement; Agreement Subject to Plan.** This Agreement and the Plan contain all of the terms and conditions with respect to the subject matter hereof and supersede any

previous agreements, written or oral, relating to the subject matter hereof. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Grantee hereby acknowledges receipt of a copy of the Plan.

**Section 15. Code Section 409A Compliance.** This Agreement and the Performance Share Units granted hereunder are intended to be exempt from Code Section 409A to the maximum extent possible, and shall be interpreted and construed accordingly.

**Section 16. Restrictive Covenant.**

- (a) The Grantee understands the nature of the Company's business and the significant time and expense the Company and its Affiliates (collectively referred to in this Section as "NiSource") have expended and continue to expend in attracting, developing, recruiting and training employees and that the loss of employees would cause significant and irreparable harm to NiSource. Accordingly, the Grantee agrees that the scope and duration of the restriction described in this Section 16 is reasonable and necessary to protect the legitimate business interests of NiSource. The Grantee agrees that during the period of the Grantee's Service and for a period of one (1) year following the Grantee's separation from Service, the Grantee shall not, without the express written approval of NiSource's Chief Human Resources Officer, directly or indirectly solicit, hire, recruit, or attempt to solicit, hire, or recruit, any then-current employee of NiSource or any employee who has been employed by NiSource in the six (6) months preceding such solicitation, hiring, or recruitment ("Covered Employee"). Soliciting, recruiting, or hiring Covered Employees with whom Grantee did not work or have direct contact while at NiSource to work as an employee, contractor, consultant or otherwise, shall not be considered a violation of this Section 16(a), provided, however, that Grantee does not solicit, employ or hire such employee with an intent to compete with NiSource in violation of this Section 16(a). Notwithstanding the foregoing, nothing in this Section shall restrict or preclude the Grantee from soliciting or hiring any employee who responds to a general employment solicitation or advertisement or contact by a recruiter that is not specifically focused or targeted on employees or former employees of NiSource, provided that the Grantee has not encouraged or advised such.
- (b) If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section is invalid or unenforceable, the parties agree that (a) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (b) the parties shall request that the court exercise that power, and (c) this Agreement in its revised form shall be enforceable.

- (c) Grantee agrees that in the event of a breach or threatened breach of the covenants contained in Section 16(a), in addition to any other damages or restrictions that may apply under any employment agreement, state law, or otherwise, the Grantee shall forfeit, upon written notice to such effect from the Company, any and all Awards granted to the Grantee under this Agreement, including vested Awards and including any proceeds thereof. The forfeiture provisions of this Section shall continue to apply, in accordance with their terms, after the provisions of any employment or other agreement between the Company and the Grantee have lapsed. Grantee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of this Section 16 may result in substantial, continuing, and irreparable injury to NiSource, and therefore agrees that, in addition to any other remedy that may be available to NiSource, NiSource shall be entitled to seek injunctive relief, specific performance, or other equitable relief (without the requirement to post bond) by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 16 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Grantee expressly acknowledges that Grantee's violation of this Section 16 will entitle NiSource to other equitable and legal remedies, including damages, attorney's fees, and costs, as allowed by law. The provisions of this Section 16 shall continue to apply, in accordance with their terms, after the Grantee's Service has terminated and regardless of whether the provisions of any employment or other agreement between the Company and the Grantee have lapsed.
- (d) In the event the Grantee is required to forfeit outstanding vested Shares as a result of breaching the Grantee's obligations under this Section 16, the Grantee agrees to promptly execute such stock powers or other instruments of transfer in such forms as are acceptable to the Company without payment or other consideration therefor.

**IN WITNESS WHEREOF**, the Company has caused the Performance Share Units subject to this Agreement to be granted, and the Grantee has accepted the Performance Share Units subject to the terms of the Agreement, as of the date first above written.

**NISOURCE INC.**

/s/ Melanie Berman

By: Melanie Berman

Its: Executive Vice President and Chief Human Resources Officer



#### VESTING SCHEDULE

- Termination at any time during [the first Calendar year of the grant], the award vests in pro rata.
- Termination at any time [after the first calendar year of the grant and before the Vesting Date], the award becomes fully vested.

**Exhibit 21**

**SUBSIDIARIES OF NISOURCE INC.**

**as of December 31, 2025**

| <b>Segment/Subsidiary</b>                            | <b>State of Incorporation</b> |
|------------------------------------------------------|-------------------------------|
| <b>COLUMBIA OPERATIONS</b>                           |                               |
| Columbia Gas of Kentucky, Inc.                       | Kentucky                      |
| Columbia Gas of Maryland, Inc.                       | Delaware                      |
| Columbia Gas of Ohio, Inc.                           | Ohio                          |
| Columbia Gas of Ohio Receivables Corporation         | Delaware                      |
| Columbia Gas of Pennsylvania, Inc.                   | Pennsylvania                  |
| Columbia Gas of Pennsylvania Receivables Corporation | Delaware                      |
| Columbia Gas of Virginia, Inc.                       | Virginia                      |
| NiSource Gas Distribution Group, Inc.                | Delaware                      |
| <b>NIPSCO OPERATIONS</b>                             |                               |
| Dunn's Bridge I Solar Generation LLC                 | Delaware                      |
| Dunns Bridge Solar Center, LLC                       | Delaware                      |
| Fairbanks Solar Energy Center LLC                    | Delaware                      |
| Gibson Solar, LLC                                    | Delaware                      |
| Indiana Crossroads Solar Generation LLC              | Delaware                      |
| Indiana Crossroads Wind Farm LLC                     | Delaware                      |
| Indiana Crossroads Wind Generation LLC               | Delaware                      |
| Meadow Lake Solar Park LLC                           | Delaware                      |
| NIPSCO Accounts Receivable Corporation               | Indiana                       |
| NIPSCO Holdings I LLC                                | Indiana                       |
| NIPSCO Holdings II LLC                               | Delaware                      |
| Northern Indiana Public Service Company LLC*         | Indiana                       |
| RoseWater Wind Farm LLC                              | Delaware                      |
| RoseWater Wind Generation LLC                        | Delaware                      |
| <b>CORPORATE AND OTHER OPERATIONS</b>                |                               |
| Bay State Gas Company                                | Massachusetts                 |
| Generation Holdings I LLC                            | Indiana                       |
| Generation Holdings II LLC                           | Delaware                      |
| Lake Erie Land Company                               | Indiana                       |
| NIPSCO Generation LLC                                | Indiana                       |
| NiSource Corporate Group, LLC                        | Delaware                      |
| NiSource Corporate Services Company                  | Delaware                      |
| NiSource Development Company, Inc.                   | Indiana                       |
| NiSource Energy Technologies, Inc.                   | Indiana                       |
| NiSource Insurance Corporation, Inc.                 | Utah                          |

\* Both Gas Distribution Operations and Electric Operations

**Exhibit 23**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-291167 on Form S-3, Registration Statement Nos. 333-107743, 333-166888, 333-228102, 333-233382, 333-238501, 333-248405, 333-260906, 333-281526, and 333-291346 on Form S-8, and Registration Statement Nos. 333-228790 and 333-228791 on Form S-4 of our reports dated February 11, 2026, relating to the consolidated financial statements of NiSource Inc. and subsidiaries (the “Company”) and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 11, 2026

Exhibit 31.1

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

I, Lloyd M. Yates, certify that:

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

Date: February 11, 2026

By:

/s/ Lloyd M. Yates

Lloyd M. Yates  
President and Chief Executive Officer

Exhibit 31.2

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

I, Shawn Anderson, certify that:

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

Date: February 11, 2026

By: /s/ Shawn Anderson  
Shawn Anderson  
Executive Vice President and Chief Financial Officer

**Exhibit 32.1**

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

In connection with the Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lloyd M. Yates, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Lloyd M. Yates

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Lloyd M. Yates

President and Chief Executive Officer

Date: February 11, 2026

**Exhibit 32.2**

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

In connection with the Annual Report of NiSource Inc. (the “Company”) on Form 10-K for the year ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shawn Anderson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Shawn Anderson

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Shawn Anderson  
Executive Vice President and Chief Financial Officer

Date: February 11, 2026

TAB 61

807 KAR 5:001 Section 16(7)(m)



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2026-00099**  
**Forecasted Test Period Filing Requirements**  
**807 KAR 5:001 Section 16(7)(m)**

**Description of Filing Requirement:**

The current chart of accounts is more detailed than the Uniform System of Accounts chart prescribed by the commission;

**Response:**

Please refer to the attached for the current chart of accounts.

**Responsible Witness:**

Elizabeth N. Davis

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 10100000       | Plant In Service-Beg Bal       | PLANT                    |
| 10100001       | Plant In Service-Additions     | PLANT                    |
| 10100002       | Plant In Service-Retirements   | PLANT                    |
| 10100003       | Plant In Service-Oth Changes   | PLANT                    |
| 10110000       | Capital Leases-Beg Bal         | CAP LEASE                |
| 10112000       | Right of Use Asset-Beg Bal     | OperatLeas               |
| 10112001       | Right of Use Asset-Additions   | OperatLeas               |
| 10112002       | Right of Use Asset-Retirements | OperatLeas               |
| 10112004       | Right of Use Asset-Amort       | OperatLeas               |
| 10140000       | Cloud Plant In Svc-Beg Bal     | PLANT                    |
| 10140001       | Cloud Plant in Svc-Additions   | PLANT                    |
| 10140002       | Cloud Plant in Svc-Retirements | PLANT                    |
| 10140003       | Cloud Plant in Svc-Oth Changes | PLANT                    |
| 10600000       | Comp Constr Not Class Beg Bal  | PLANT                    |
| 10600003       | Comp Const not Class Other     | PLANT                    |
| 10700000       | CWIP-Beg Balance               | CWIP                     |
| 10700001       | CWIP-Additions                 | CWIP                     |
| 10700003       | CWIP-Other Changes             | CWIP                     |
| 10740000       | Cloud CWIP-Beg Balance         | CWIP                     |
| 10740001       | Cloud CWIP-Additions           | CWIP                     |
| 10740003       | Cloud CWIP-Oth Changes         | CWIP                     |
| 10800000       | Accum Deprec Plant -Beg Bal    | ACC DEPR                 |
| 10800001       | Accum Deprec Plant-Additions   | ACC DEPR                 |
| 10800002       | Accum Deprec Plant-Retiremnt   | ACC DEPR                 |
| 10800003       | Accum Deprec Plant-Other Chg   | ACC DEPR                 |
| 10800010       | Retirement WIP-Beg Bal         | RWIP                     |
| 10800011       | Retirement WIP-Additions       | RWIP                     |
| 10800013       | Retirement WIP-Other Changes   | RWIP                     |
| 10800100       | Accum Deprec Cap Lease-Beg Bal | ACC DEPR                 |
| 10800101       | Accum Deprec Cap Lease-Add     | ACC DEPR                 |
| 11100000       | Accum Amortization-Beg Bal     | ACC AMTZ                 |
| 11100001       | Accum Amortization-Additions   | ACC AMTZ                 |
| 11100002       | Accum Amortization-Retiremnt   | ACC AMTZ                 |
| 11100003       | Accum Amortization-Other Chg   | ACC AMTZ                 |
| 11140000       | Cloud Accum Amortiz-BegBal     | ACC AMTZ                 |
| 11140001       | Cloud Accum Amortiz-Additions  | ACC AMTZ                 |
| 11140002       | Cloud Accum Amortiz-Retirement | ACC AMTZ                 |
| 11140003       | Cloud Accum Amortiz-Oth Change | ACC AMTZ                 |
| 11401000       | Tang Plant Acq Adj-BegBal      | PLANT_AQAJ               |
| 11501000       | Tang Acc Amort Plnt Acq Adj-BB | ACC AMTZ                 |
| 11501010       | Tang Acc Amor Plnt Acq Adj-ADD | ACC AMTZ                 |
| 12800000       | Funds Held in Trust            | OTHERFUNDS               |
| 13100000       | Cash                           | CASH                     |
| 13600001       | Temp Cash Inv-Money Pool       | TEMP CASH                |
| 14200000       | Customer Account Receivable    | CUST AR                  |
| 14200160       | Cust AR-Credit Balances        | CUST AR                  |
| 14200220       | Cust AR-CAB                    | CUST AR                  |
| 14200250       | Cust AR-GMB                    | CUST AR                  |
| 14200260       | Cust AR-Cust Premise Work      | CUST AR                  |
| 14300001       | Misc Accts Rec-Other           | OTH AR                   |
| 14300018       | Other AR-Billed OSS            | OTH AR                   |
| 14300220       | Other AR-GMB Estimate          | OTH AR                   |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 14300240       | Other AR-GTS                   | OTH AR                   |
| 14300270       | Other AR-Retail Service        | OTH AR                   |
| 14300290       | Other AR-CNR                   | OTH AR                   |
| 14300309       | Other A/R-Unallocated Insuranc | OTHER AR                 |
| 14300330       | Other AR Choice Trans-Columbia | OTH AR                   |
| 14300350       | Other AR Choice Trans-Purchase | OTH AR                   |
| 14300395       | Other AR-CPG Non-Transit Srvcs | OTH AR                   |
| 14400000       | Acc Prov for Uncol-Beg Bal     | UNCOLLECT                |
| 14400100       | Acc Prov for Uncol-Reserve     | UNCOLLECT                |
| 14400150       | Acc Prov for Uncol-Charge-Offs | UNCOLLECT                |
| 14400200       | Acc Prov for Uncol-Recoveries  | UNCOLLECT                |
| 14400600       | Accm Prov Uncoll-Unbilled      | UNCOLLECT                |
| 14600000       | AR Assoc Co-Mech               | AR ASSOC                 |
| 14600002       | AR Assoc Co-Misc               | AR ASSOC                 |
| 14600010       | AR Assoc Co-Interest           | AR ASSOC                 |
| 14610000       | Money Pool Deposits            | AR ASSOC                 |
| 14610010       | Money Pool-Intrst Receivable   | AR ASSOC                 |
| 14620000       | Foreign Cash                   | AR ASSOC                 |
| 15400001       | Plant Materials - SAP          | MaterlSAP                |
| 16411000       | Gas Stored-Current-LIFO        | GAS STOR                 |
| 16500000       | Other Misc Prepayments         | PREPAID                  |
| 16500010       | Prepaid-Medical LTD            | PREPAID                  |
| 16503600       | Prepaid Taxes - Other          | PREPAID                  |
| 16520000       | Prepaid-Insurance Affiliate    | PREPAID                  |
| 16521000       | Prepaid-Insurance NonAffil     | PREPAID                  |
| 17300000       | AR Accrued Revenues            | ACCD REV                 |
| 17302000       | AR Accrd Rev Unbill Exch Gas   | ACCD REV                 |
| 17401000       | Misc Assets-Exch Gas Receiv    | MISC ASSET               |
| 18230200       | Reg Asset Cr Bal Transf        | OTH RG AST               |
| 18230250       | Reg Asset Rate Case Current    | OTH RG AST               |
| 18230440       | Reg Asset GTI Funding          | OTH RG AST               |
| 18230450       | Reg Asset EAP                  | OTH RG AST               |
| 18233420       | Reg Asset-Prf Base Rt Adj PBRA | OTH RG AST               |
| 18235114       | NC Reg Asset FAS 158 OPEB      | OTH RG AST               |
| 18235115       | NC Reg Asset FAS158 Pension    | OTH RG AST               |
| 18235440       | NC Reg Asset Rate Case Non-Cur | OTH RG AST               |
| 18235450       | NC Reg Asset Pen NQuifd FAS158 | OTH RG AST               |
| 18235506       | NC Reg Asset Def Depr Cap Lse  | OTH RG AST               |
| 18237000       | NC Reg Asset Inc Tax NC Fed    | OTH RG AST               |
| 18320000       | Oth Prelim Survey B Bal        | PRELIMSURV               |
| 18320001       | Oth Prelim Survey Additions    | PRELIMSURV               |
| 18400000       | Clearing Accounts              | CLEARING                 |
| 18400100       | Building Clearing              | CLEARING                 |
| 18400200       | Car Clearing                   | CLEARING                 |
| 18400250       | Truck Clearing                 | CLEARING                 |
| 18400275       | Clearing-Fleet                 | CLEARING                 |
| 18400610       | Clearing-Prem Bill Stmt AllOth | CLEARING                 |
| 18401000       | Overhead Pool Clearing         | CLEARING                 |
| 18401001       | Overhead Clearing (non labor)  | CLEARING                 |
| 18600200       | Def Debit-Maint and Jobng WIP  | DEF DEBIT                |
| 18600400       | DefDebitCusAdv_DEPPST12-31-99  | DEF DEBIT                |
| 19005000       | ADIT-Other-Noncurr-Fed         | ADIT_OTH                 |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 19005100       | ADIT Reg Liability NC - Fed    | ADIT_OTH                 |
| 19005400       | ADIT FIT Gross Up              | ADIT_OTH                 |
| 19006000       | ADIT-Other-Noncurr-State       | ADIT_OTH                 |
| 19006100       | ADIT Reg Liability NC - State  | ADIT_OTH                 |
| 19006400       | ADIT SIT Gross Up              | ADIT_OTH                 |
| 19100100       | Unrecov Purchs Gas Costs-Com   | UNPURC_GAS               |
| 19100400       | End User Exchange              | END_USE_EX               |
| 19100800       | Unrecov Purch Gas Cst-Unbill   | UNPURC_GAS               |
| 20100000       | Common Stock-Beg Balance       | CMN_STOCK                |
| 21100000       | APIC Beg Balance               | APIC                     |
| 21108000       | APIC Tax Savings Allocation    | APIC                     |
| 21600000       | Retained Earnings-Beg Bal      | RETN_ERNG                |
| 21600003       | Retained Earnings-Pre Merger   | RETN_ERNG                |
| 22300000       | Adv from Assoc Co-Beg Bal      | ADVASSOCCO               |
| 22300030       | Adv from Assoc Co-Transfers    | ADVASSOCCO               |
| 22305030       | Curr Adv from Assoc Co-Transfr | ADVASSOCCO               |
| 22700000       | Oblig Und Cap Leas B Bal       | CAP LEASE                |
| 22700002       | Oblig Und Cap Leas NC Transfer | CAP LEASE                |
| 22710000       | Oblig Operating Leas Beg Bal   | OperatLeas               |
| 22710001       | Oblig Operating Leas-NC Issuan | OperatLeas               |
| 22710002       | Oblig Operating Leas NC Transf | OperatLeas               |
| 22820000       | Accum Prov Prop Injur Damg     | ACCUM_PROV               |
| 22830010       | Accum Prov-Banked Vacation     | BankedVac                |
| 22832500       | Accum Provisions Thrft Pln NI  | OPEB                     |
| 22833000       | Accum Provisions FAS 112       | OPEB                     |
| 22834010       | Accum Provisions OPEB          | OPEB                     |
| 22838020       | Accum Prov LT PenCost Non-Qual | OPEB                     |
| 23200000       | AP - AP Module Use Only        | AP                       |
| 23200001       | AP-Misc                        | AP                       |
| 23200002       | AP-Receipt Accrual             | AP                       |
| 23200004       | AP Open Accruals               | APOpenAcc                |
| 23201055       | AP-PNC Wires_ACH               | AP                       |
| 23201058       | AP-PNC Land Disbursement       | AP                       |
| 23201061       | AP-MellonBank Disbursement_ACH | AP                       |
| 23202300       | AP-Gas Purchases-Producer      | AP                       |
| 23202400       | AP-Gas Purchases-Transport     | AP                       |
| 23202500       | AP-Choice Marketer Payable     | AP                       |
| 23202900       | AP-CPG Non-Transition Srvces   | AP                       |
| 23208990       | AP-AR Refunds                  | AP                       |
| 23400000       | AP Assoc Co-Mech               | AP ASSOC                 |
| 23400009       | AP Assoc Co-Due To_From        | AP ASSOC                 |
| 23400010       | AP Assoc Co-Interest           | AP ASSOC                 |
| 23400111       | AP Assoc Co-ERS_Only           | AP ASSOC                 |
| 23410000       | Money Pool Borrowings          | AP ASSOC                 |
| 23410001       | Money Pool Borrowings Int Pay  | AP ASSOC                 |
| 23500000       | Customer Deposits              | DEPOSITS                 |
| 23601000       | Accrd Fed Inc Tax-Current      | ACCRD TAX                |
| 23602000       | Accrd ST Inc Tax-Current Year  | ACCRD TAX                |
| 23603100       | Accrd Lic and Franch Tax       | ACCRD TAX                |
| 23603200       | Accrd Property Tax             | ACCRD TAX                |
| 23603300       | Accrd Sales and Use Tax        | ACCRD TAX                |
| 23603400       | Accrd Tax-FICA OASDI           | ACCRD TAX                |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 23603500       | Accrd Tax-Consumption          | ACCRD TAX                |
| 23603700       | Accrued FICA Taxes             | ACCRD TAX                |
| 23603900       | Accrd Tax-FICA MHI             | ACCRD TAX                |
| 23604000       | Accrd Unempl Insur-Fed         | ACCRD TAX                |
| 23604100       | Accrd Unempl Insur-State       | ACCRD TAX                |
| 23700010       | Int Accrued-Cust Deposit       | INT ACCD                 |
| 24103110       | Tax Coll Pay Fed Inc Tx        | TAX PAY                  |
| 24103120       | Tax Coll Pay St Inc Tx         | TAX PAY                  |
| 24103130       | Tax Coll Pay Loc Inc Tx        | TAX PAY                  |
| 24103140       | Tax Coll Pay Tx WH OASDI       | TAX PAY                  |
| 24103150       | Tax Coll Pay Tx WH Medicare    | TAX PAY                  |
| 24103170       | Tax Coll Pay Unemploy Ins-ST   | TAX PAY                  |
| 24103300       | Tax Coll Pay Sales and Use Tax | TAX PAY                  |
| 24103400       | Tax Coll Pay Util Gross Rcpts  | TAX PAY                  |
| 24103600       | Tax Coll Pay State-Local Oth   | TAX PAY                  |
| 24200000       | Accd Liab-Misc                 | ACCD LIAB                |
| 24201627       | Accd Liab-Payouts              | ACCD LIAB                |
| 24201629       | Accd Liab-Unclaimed AP Checks  | ACCD LIAB                |
| 24203000       | Accd Liab-Profit Sharing       | ACCD LIAB                |
| 24203100       | Accd Liab-Incentive Compnstion | ACCD LIAB                |
| 24203200       | Accd Liab-Vacation Pay PY      | ACCD LIAB                |
| 24203201       | Accd Liab-Vacation Pay CY      | ACCD LIAB                |
| 24203305       | Accd Liab-Gross Payroll        | ACCD LIAB                |
| 24204080       | Accd Liab-PR Ded ThrftPlan Pyt | ACCD LIAB                |
| 24204081       | Accd Liab-PR Ded ThrftPlan EE  | ACCD LIAB                |
| 24204082       | Accd Liab-PR Ded Roth401k Plan | ACCD LIAB                |
| 24204090       | Accd Liab-PR Ded FSA Health    | ACCD LIAB                |
| 24204091       | Accd Liab-PR Ded FSA Dep Care  | ACCD LIAB                |
| 24204092       | Accd Liab-PR Ded HSA Benefits  | ACCD LIAB                |
| 24204140       | Accd Liab-PR Ded Fitness Cent  | ACCD LIAB                |
| 24204210       | Accd Liab-PR Ded Employee Stk  | ACCD LIAB                |
| 24206000       | Accd Liability - Pension ST-NQ | ACCD LIAB                |
| 24207000       | Accd Liab-Professional Srvcs   | ACCD LIAB                |
| 24207020       | Accd Liab-Benefits Admin Fees  | ACCD LIAB                |
| 24207500       | Accd Liab-Insurance            | ACCD LIAB                |
| 24208000       | Accd Liab-Health Benefits      | ACCD LIAB                |
| 24208010       | Accd Liab-Rx Drug              | ACCD LIAB                |
| 24208020       | Accd Liab-Dental               | ACCD LIAB                |
| 24211263       | Accd Liab-ST FAS112            | ACCD LIAB                |
| 24220300       | Accd Liab-Rate Refunds         | ACCD LIAB                |
| 24224000       | Customer AR Credit Balances    | ACCD LIAB                |
| 24240050       | Accd Liab-Shipper Gas          | ACCD LIAB                |
| 24250000       | Accd Liab-Def Revenue Current  | ACCD LIAB                |
| 24250100       | Accd Liab-Delayed Deposits     | ACCD LIAB                |
| 24250110       | Accd Liab-Heatshare Cust Cntri | ACCD LIAB                |
| 24250160       | Accd Liab-Gas Supply Cr Dep    | ACCD LIAB                |
| 24300000       | Oblig Cap Leases Curr-Beg Bal  | CAP LEASE                |
| 24300002       | Oblig Cap Leases Curr-Payments | CAP LEASE                |
| 24300003       | Oblig Cap Leases Curr-Transfer | CAP LEASE                |
| 24310000       | Oblig Operating Lease Curr-BB  | OperatLeas               |
| 24310001       | Oblig Operating Lease Curr-Add | OperatLeas               |
| 24310002       | Oblig Operating Lease Curr-Pay | OperatLeas               |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 24310003       | Oblig Operating Lease Curr-Trn | OperatLeas               |
| 25200000       | Custmr Advn for Constr NonCur  | CUST_ADV                 |
| 25300000       | Def Credits                    | DEF_CRDT                 |
| 25303000       | Def Credits-Oth NC Liab        | DEF_CRDT                 |
| 25400450       | Reg Liab Curr-Other            | REG LIAB                 |
| 25401000       | Reg Liab Curr-Inc Tax Fed/St   | REG LIAB                 |
| 25401350       | Reg Liab Curr-DSM Uncollect    | REG LIAB                 |
| 25402400       | Reg Liab Curr-Asset Reclass    | Reg Liab                 |
| 25402900       | Reg Lia Curr-AMRP              | REG LIAB                 |
| 25405000       | Reg Liab NC-Inc Tax Fed-St     | REG LIAB                 |
| 25405050       | Reg Liab NC-Deferred ITC       | REG LIAB                 |
| 25405300       | Reg Liab NC-SFAS 158 OPEB      | REG LIAB                 |
| 25500000       | Investment Tax Credit-ITC      | ITC                      |
| 28205000       | Fed ADIT-Property              | ADIT                     |
| 28206000       | St ADIT-Property               | ADIT                     |
| 28305000       | Fed ADIT-Other NC              | OTH ADIT                 |
| 28306000       | ST ADIT-NC Other               | OTH ADIT                 |
| 40300000       | Dep Exp                        | DEPREC                   |
| 40430000       | Amortization Exp-Other         | AMORT EXP                |
| 40434000       | Cloude Amortizaiton Expense    | AMORT EXP                |
| 40500000       | Amortization of Oth Plant      | AMORT                    |
| 40813100       | Tax Exp-License_Franchise      | TAX EXP                  |
| 40813200       | Tax Exp-Property               | TAX EXP                  |
| 40813300       | Tax Exp-Sales and Use Tax      | TAX EXP                  |
| 40813600       | Tax Exp-State and Local-Oth    | TAX EXP                  |
| 40814100       | Tax Exp-Payroll-Incentive      | TAX EXP                  |
| 40814500       | Tax Exp-Payroll FICA-OASDI     | TAX EXP                  |
| 40814600       | Tax Exp-Payroll FICA-Medicar   | TAX EXP                  |
| 40814700       | Tax Exp-FUTA Employer          | TAX EXP                  |
| 40814800       | Tax Exp-SUTA Employer          | TAX EXP                  |
| 40911000       | Util Cur Fed Exp               | UTIL EXP                 |
| 40912000       | Util Cur ST Exp                | UTIL EXP                 |
| 40921000       | Non Util Cur Fed Exp           | NU EXP                   |
| 40922000       | Non Util Cur ST Exp            | NU EXP                   |
| 41011000       | Util Def Fed Exp-Dr            | DEF EXP                  |
| 41012000       | Util Def ST Exp-Dr             | DEF EXP                  |
| 41021000       | Non Util Def Fed Exp-DR        | NU DEF EXP               |
| 41111000       | Util Def Fed Exp-Cr            | DEF EXP CR               |
| 41112000       | Util Def ST Exp-Cr             | DEF EXP CR               |
| 41121000       | Non Util Def Fed Exp-Cr        | DEF EXP CR               |
| 41122000       | Non Util Def ST Exp-Cr         | DEF EXP CR               |
| 41141000       | Def Inc Tax-Fed-Cr-Util ITC    | DEF IN TAX               |
| 41700000       | Non Util Revenues              | NU REV                   |
| 41715000       | Non Util Operating Exp         | EXP NU OPS               |
| 41902000       | Interest Income Money Pool     | INT DV INC               |
| 41910000       | Allow for Other FUDC           | AFUDC                    |
| 42101450       | Gas Cost Recovery Initiatives  | NON OP INC               |
| 42500000       | Misc Amortization              | MISC AMORT               |
| 42610000       | Other Inc_Exp-Donations        | OTHER INC                |
| 42630000       | Penalties-Others               | PENALTY                  |
| 42633000       | Penalties-St and Local Tax     | PENALTY                  |
| 42640000       | Oth Inc_Exp Political Contrib  | OTH INC/EX               |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 42654000       | Other Misc Exp Deduction       | OTH DED                  |
| 42655000       | Other Income Deductions        | OTH DED                  |
| 43000000       | Int on Debt to Assoc Co        | INT DEBT                 |
| 43002000       | Int on Debt to Assoc Co MonyPI | INT DEBT                 |
| 43100000       | Other Interest Exp             | OTH INT EX               |
| 43105100       | Oth Int Exp-Cust Deposits      | OTH INT EX               |
| 43133000       | Int Exp-State and Local        | INT EXP                  |
| 43200000       | Allow for Borrowd FUDC         | AFUDC                    |
| 48000000       | Residential Sales              | RESID SALE               |
| 48000100       | Residential Sales Norm         | RESID SALE               |
| 48101000       | Commercial Gas Sales           | COMM GAS                 |
| 48101200       | Commercial Gas Sales Norm      | COMM GAS                 |
| 48102000       | Industrial Gas Sales           | INDUS GAS                |
| 48102300       | Industrial Gas Sales Norm      | INDUS GAS                |
| 48103000       | Gas Sales-Other                | OTHER GAS                |
| 48300000       | Sales for Resale-Gas           | SALE RESAL               |
| 48700000       | Forfeited Discounts-Gas        | FORFE DISC               |
| 48800000       | Misc Service Revenues-Gas      | SERV REV                 |
| 48930000       | Transp Rev Distr Residential   | TRANP REV                |
| 48930200       | Unbilled Residential Trans Vol | TRANP REV                |
| 48930300       | Unbilled Res Trans Cust chrg   | TRANP REV                |
| 48931000       | Transp Rev Distr Commercial    | TRANP REV                |
| 48931300       | Unbilled Comm Trans Vol        | TRANP REV                |
| 48931400       | Unbilled Comm Trans Cust chrg  | TRANP REV                |
| 48932000       | Transp Rev Distr Industrial    | TRANP REV                |
| 48932400       | Unbilled Ind Trans Vol         | TRANP REV                |
| 48932500       | Unbilled Ind Trans Cust chrg   | TRANP REV                |
| 49300000       | Rent from Gas Property         | RNT GS PRP               |
| 49500000       | Other Gas Revenue              | OTH GS REV               |
| 49500001       | AllConnect Prod-Srvs Othr Gas  | AllConnect               |
| 49500050       | Billed Off System Sales        | OTH GS REV               |
| 49500485       | Unbilled Residential-Vol       | OTH GS REV               |
| 49501485       | Unbilled Res Customer Chrg     | OTH GS REV               |
| 49510485       | Unbilled Commercial-Vol        | OTH GS REV               |
| 49511485       | Unbilled Comm Customer Chrg    | OTH GS REV               |
| 49520485       | Unbilled Industrial-Vol        | OTH GS REV               |
| 49521485       | Unbilled Ind Customer Chrg     | OTH GS REV               |
| 50000000       | Op Superv_Eng-Steam            | STEAM EXP                |
| 54800000       | Generation Exp                 | OTH POWER                |
| 74200000       | Maint Of Product Equipment     | MNT PRDEQP               |
| 80100000       | Natural gas field line purchas | NGAS L PUR               |
| 80300300       | Short Term Producer Purch      | GAS COST                 |
| 80300400       | Transportation Pipeline Exp    | GAS COST                 |
| 80300500       | Storage Charges Pipeline Exp   | GAS COST                 |
| 80300600       | OFS_System Supply Credit       | GAS COST                 |
| 80300808       | Storage Demand                 | GAS COST                 |
| 80400000       | Natural Gas City Gate Purchase | NGS GT PUR               |
| 80510000       | Purchased Gas Cost Adjustments | PUR GS ADJ               |
| 80601000       | Exchange Gas-Received          | EXCH GAS                 |
| 80720000       | Oper-Purch Gas Measrg Stations | GAS PURCH                |
| 80751000       | Purch Gas Exp - Mgmt Fee       | MGMT FEE                 |
| 80810000       | Gas Withdrawn                  | GAS WITHDR               |

## Columbia Gas of Kentucky Inc Chart of Accounts

| <u>Account</u> | <u>Account Description</u>     | <u>Short Description</u> |
|----------------|--------------------------------|--------------------------|
| 80820000       | Gas Delivered                  | GAS DEL                  |
| 81220000       | Gas Used-Other-Offset          | UNACCT                   |
| 85200000       | Communication Exp Base Rate    | COMM EXP                 |
| 85200010       | Communication System Exp Scada | COMM EXP                 |
| 85200030       | Communication System Exp       | COMM EXP                 |
| 85900000       | Gas Transmission Exp           | TRANSM EXP               |
| 87000000       | Op Superv-Eng-Gas Distr        | SERV EXP                 |
| 87100000       | Distribution Load Dispatching  | DIS LD DIS               |
| 87400000       | Mains and Services Exp         | SERV EXP                 |
| 87500000       | Measur-Reg Statn Exp Gen       | MSR REG EX               |
| 87600000       | Measur-Reg Statn Exp-Indus     | MSR REG EX               |
| 87800000       | Meter and House Regulator Exp  | MET HS EXP               |
| 87900000       | Oper Installation Service Exp  | SERV EXP                 |
| 88000000       | Operations Exp Other           | OPER EXP                 |
| 88100000       | Gas Distr Rents                | RENTS EXP                |
| 88500000       | Maint Supv-Eng-Gas Distr       | OPER EXP                 |
| 88600000       | Maint Struct-Improv-Gas Distr  | MNT STRIMP               |
| 88700000       | Maint of Mains                 | DIST_MAINT               |
| 88900000       | Maint Msr-Reg Statn Equi Gen   | MNT EQP G                |
| 89000000       | Maint Meas_Reg Stn Equip-Distr | DIST_MAINT               |
| 89200000       | Maint of Services              | DIST_MAINT               |
| 89300000       | Maint Meters_House Regulators  | DIST_MAINT               |
| 89400000       | Other Maint Equipment          | OTHMAINT                 |
| 90200000       | Cust Acct Meter Reading Exp    | CUST EXP                 |
| 90300000       | Cust Records Collection Exp    | CUST EXP                 |
| 90400000       | Uncollectible Accounts         | UNCOLLECT                |
| 90500000       | Misc Cust Accts Exp            | CUST EXP                 |
| 90800000       | Customer Assistance Exp        | CUST EXP                 |
| 90900000       | Inform_Instruct Advertisng Exp | ADV EXP                  |
| 91000000       | Misc Cust Serv and Info Exp    | CUST EXP                 |
| 91200000       | Demonstrating and Selling Exp  | SALES EXP                |
| 92000000       | A_G Salaries                   | A_G_SALAR                |
| 92001000       | Discretionary and Spot Awards  | AG_SALAR                 |
| 92002000       | Stock Compensation Expense     | AG_SALAR                 |
| 92100000       | Office Supplies and Exp        | OFF SUP EX               |
| 92101000       | Employee Expenses              | EMP-EE EXP               |
| 92300000       | Outside Service Employed       | OS EXP                   |
| 92301000       | Mgmt Fee Actuals-Affil         | OS EXP                   |
| 92400000       | Property Insurance             | PROP INS                 |
| 92500000       | Injuries and Damages           | INJUR DAM                |
| 92600000       | Employee Pensions and Benefits | EMP PEN BN               |
| 92601000       | Non Service Pension & OPEB     | NonSrv                   |
| 92800000       | Regulatory Commission Exp      | REGCOMMEXP               |
| 93010000       | General Advertising Exp        | GENADVEXP                |
| 93020000       | Misc General Exp               | MIS GEN EX               |
| 93100000       | Rents Admin and General        | RENT EXP                 |
| 93200000       | Maint General Plant            | PLANT EXP                |
| 99000001       | Gross Payroll Hyperion         | HYPGP                    |
| 99000004       | Management Fee Hyperion        | HYPMGMTFEE               |
| 99900001       | Gross Pay Offset Hyperion      | HYPGPOFFST               |
| 99900002       | Mgmt Fee Offset Hyperion       | HYPMGMTOFF               |



TAB 62

807 KAR 5:001 Section 16(7)(n)

**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2026-00099**  
**Forecasted Test Period Filing Requirements**  
**807 KAR 5:001 Section 16(7)(n)**

**Description of Filing Requirement:**

The latest twelve (12) months of the monthly managerial reports providing financial results of operations in comparison to the forecast;

**Response:**

Please refer to the attachment in response to 16-(7)(o), at Tab 63, which includes the monthly managerial reports from March 2025 through February 2026.

**Responsible Witness:**

Craig P. Inscho

TAB 63

807 KAR 5:001 Section 16(7)(o)

**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2026-00099**  
**Forecasted Test Period Filing Requirements**  
**807 KAR 5:001 Section 16(7)(o)**

**Description of Filing Requirement:**

Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;

**Response:**

Please refer to the attached which includes monthly budget variance reports for September 2024 through February 2026. Any subsequent months will be provided as they become available.

**Responsible Witness:**

Craig P. Inscho

# Columbia Gas of Kentucky - Net Operating Earnings (\$M)

| Sep 2024                                    | MTD Actual       | MTD PE           | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan  | YTD PE Adj       | 8&4 PE          | Proposed PE Adj  | Proposed PE     | Risks & Upsides | YE Forecast     |
|---------------------------------------------|------------------|------------------|------------------|-----------------|-----------------|----------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Net Revenue                                 | \$ 6.27          | \$ 6.09          | \$ 0.18          | \$ 89.31        | \$ 86.72        | \$ 2.59        | \$ 121.55       | \$ 1.89          | \$ 123.44       | \$ 0.20          | \$ 123.64       | \$ 0.30         | \$ 123.94       |
| Field Operations                            | (1.35)           | (1.52)           | 0.17             | (12.15)         | (12.74)         | 0.59           | (15.92)         | (0.50)           | (16.42)         | (0.09)           | (16.51)         | -               | (16.51)         |
| Operations and Safety                       | (0.60)           | (0.85)           | 0.25             | (5.93)          | (5.59)          | (0.34)         | (7.33)          | (0.67)           | (8.00)          | (0.05)           | (8.05)          | -               | (8.05)          |
| Gas Presidents                              | (0.27)           | (0.30)           | 0.03             | (1.65)          | (1.72)          | 0.07           | (2.30)          | (0.08)           | (2.37)          | (0.10)           | (2.47)          | -               | (2.47)          |
| President, Reg, Sust, & Cust                | (0.42)           | (0.33)           | (0.09)           | (3.57)          | (3.36)          | (0.20)         | (4.63)          | 0.14             | (4.49)          | (0.06)           | (4.55)          | -               | (4.55)          |
| Corporate Functions                         | (1.40)           | (1.24)           | (0.16)           | (12.31)         | (11.60)         | (0.70)         | (14.88)         | (1.34)           | (16.21)         | 0.20             | (16.02)         | -               | (16.02)         |
| Indirect Expenses                           | (1.72)           | (1.24)           | (0.48)           | (7.94)          | (5.87)          | (2.07)         | (7.80)          | (2.14)           | (9.94)          | (0.66)           | (10.60)         | -               | (10.60)         |
| O&M                                         | (5.76)           | (5.49)           | (0.27)           | (43.54)         | (40.88)         | (2.66)         | (52.84)         | (4.59)           | (57.43)         | (0.77)           | (58.20)         | -               | (58.20)         |
| Depreciation                                | (1.90)           | (1.91)           | 0.02             | (16.71)         | (16.80)         | 0.09           | (22.57)         | 0.06             | (22.51)         | -                | (22.51)         | -               | (22.51)         |
| Total Other Taxes                           | (0.83)           | (0.84)           | 0.02             | (7.25)          | (7.30)          | 0.05           | (9.74)          | (0.06)           | (9.80)          | -                | (9.80)          | -               | (9.80)          |
| Gain/(Loss) on Sale or Impairment of Assets | \$ -             | \$ -             | \$ -             | \$ -            | \$ -            | \$ -           | \$ -            | \$ -             | \$ -            | \$ -             | \$ -            | \$ -            | \$ -            |
| <b>Operating Earnings</b>                   | <b>\$ (2.22)</b> | <b>\$ (2.16)</b> | <b>\$ (0.06)</b> | <b>\$ 21.80</b> | <b>\$ 21.73</b> | <b>\$ 0.07</b> | <b>\$ 36.40</b> | <b>\$ (2.70)</b> | <b>\$ 33.70</b> | <b>\$ (0.57)</b> | <b>\$ 33.13</b> | <b>\$ 0.30</b>  | <b>\$ 33.43</b> |
| Total Other Income (Deductions)             | (1.23)           | (1.24)           | 0.01             | (8.47)          | (9.33)          | 0.86           | (13.00)         | 1.34             | (11.66)         | -                | (11.66)         | -               | (11.66)         |
| <b>Pre-Tax Earnings</b>                     | <b>\$ (3.45)</b> | <b>\$ (3.40)</b> | <b>\$ (0.05)</b> | <b>\$ 13.33</b> | <b>\$ 12.40</b> | <b>\$ 0.93</b> | <b>\$ 23.40</b> | <b>\$ (1.36)</b> | <b>\$ 22.04</b> | <b>\$ (0.57)</b> | <b>\$ 21.47</b> | <b>\$ 0.30</b>  | <b>\$ 21.77</b> |
| Income Taxes                                | 0.87             | 0.92             | (0.06)           | (2.98)          | (2.69)          | (0.29)         | (5.30)          | 0.50             | (4.80)          | -                | (4.80)          | -               | (4.80)          |
| Effective Tax Rate                          | 25.1%            | 27.2%            | 2.0%             | 22.3%           | 21.7%           | -0.6%          | 22.6%           | 0.9%             | 21.8%           |                  |                 |                 |                 |
| <b>Net Operating Earnings</b>               | <b>\$ (2.58)</b> | <b>\$ (2.47)</b> | <b>\$ (0.11)</b> | <b>\$ 10.35</b> | <b>\$ 9.71</b>  | <b>\$ 0.64</b> | <b>\$ 18.10</b> | <b>\$ (0.86)</b> | <b>\$ 17.24</b> | <b>\$ (0.57)</b> | <b>\$ 16.67</b> | <b>\$ 0.30</b>  | <b>\$ 16.97</b> |

## MTD Highlights

- **Net Revenue \$0.18M:** PBR favorability \$0.20M not captured in AFP
- **Field Operations \$0.17M:** Favorability in Labor \$0.12M, Employee Expenses \$0.04M, Materials & Supplies \$0.05M due to regulation parts, and Other O&M \$0.08M due to Blackline charge favorability, offset by Outside Services (\$0.11M) due to PS&I and timing on Corrosion Remediation
- **Ops & Safety \$0.25M:** ROWC \$0.1M (T), AKM \$0.1M (P), Fleet Fuel \$0.05M (T)
- **Indirect Expenses (\$0.48M):** STI and Profit-Sharing scorecard update post-PE (P)

## Proposed PE Adjustment Highlights

- **Net Revenue \$0.20M:** September PBR actuals \$0.20M
- **Field Operations (\$0.09M):** Rain Gear
- **Gas Presidents (\$0.10M):** Green Path rider disallowance
- **Other G&A \$0.18M:** WAM Deferral – remaining OpCo favorability \$0.3M, Legal Reserve (\$0.05M)
- **Indirects (\$0.66M):** STI, LTIP, and Profit-Sharing performance updates
- **All Other PE Variances are due to actual vs plan allocation rates**

*We exist to deliver safe, reliable energy that drives value to our customers*

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Sep 2024                  | MTD Actual     | MTD PE         | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj       | 8&4 PE           | Proposed PE Adj | Proposed PE      |
|---------------------------|----------------|----------------|----------------|-----------------|-----------------|----------------|------------------|------------------|------------------|-----------------|------------------|
| Residential               | \$ 3.13        | \$ 3.08        | \$ 0.05        | \$ 51.96        | \$ 51.06        | \$ 0.90        | \$ 72.74         | \$ -             | \$ 72.74         | \$ -            | \$ 72.74         |
| Commercial                | 1.80           | 1.83           | (0.03)         | 23.10           | 23.58           | (0.48)         | 32.42            | -                | 32.42            | -               | 32.42            |
| Industrial                | 0.55           | 0.50           | 0.04           | 6.19            | 5.20            | 1.00           | 7.08             | (0.00)           | 7.08             | -               | 7.08             |
| Rate Case Outcome         | -              | -              | -              | -               | -               | -              | -                | -                | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 5.48</b> | <b>\$ 5.42</b> | <b>\$ 0.06</b> | <b>\$ 81.26</b> | <b>\$ 79.84</b> | <b>\$ 1.42</b> | <b>\$ 112.24</b> | <b>\$ (0.00)</b> | <b>\$ 112.24</b> | <b>\$ -</b>     | <b>\$ 112.24</b> |
| Capital Trackers          | 0.13           | 0.63           | (0.50)         | 4.21            | 4.67            | (0.46)         | 6.74             | -                | 6.74             | -               | 6.74             |
| Supply & Optimization     | 0.20           | -              | 0.20           | 3.34            | 1.25            | 2.09           | 1.25             | 1.89             | 3.14             | 0.20            | 3.34             |
| Other Misc. Revenue       | 0.47           | 0.05           | 0.42           | 0.51            | 0.96            | (0.46)         | 1.32             | 0.00             | 1.32             | -               | 1.32             |
| <b>Net Revenue</b>        | <b>\$ 6.27</b> | <b>\$ 6.09</b> | <b>\$ 0.18</b> | <b>\$ 89.31</b> | <b>\$ 86.72</b> | <b>\$ 2.59</b> | <b>\$ 121.55</b> | <b>\$ 1.89</b>   | <b>\$ 123.44</b> | <b>\$ 0.20</b>  | <b>\$ 123.64</b> |

| Customer Count |         |         |       |           |           |       |
|----------------|---------|---------|-------|-----------|-----------|-------|
| Residential    | 122,371 | 122,072 | 299   | 1,113,265 | 1,112,230 | 1,035 |
| Commercial     | 13,488  | 13,678  | (190) | 124,070   | 125,028   | (958) |
| Industrial     | 112     | 116     | (4)   | 1,003     | 1,035     | (32)  |

| Normalized Volumes |           |         |         |            |            |           |
|--------------------|-----------|---------|---------|------------|------------|-----------|
| Residential        | 135,333   | 121,138 | 14,195  | 5,609,674  | 5,476,243  | 133,431   |
| Commercial         | 348,328   | 337,010 | 11,319  | 5,940,727  | 5,859,061  | 81,667    |
| Industrial         | 1,145,416 | 911,064 | 234,351 | 12,987,721 | 10,247,271 | 2,740,450 |

### MTD Highlights

- **Base Retail Margin \$0.06M:** Primarily driven by higher usage in Residential and Industrial compared to forecast, partially offset by lower customer counts in Commercial compared to forecast
- **Capital Trackers (\$0.50M):** SMRP offset in Other Misc. Revenue
- **Supply & Optimization \$0.20M:** PBR favorability not captured in the forecast
- **Other Misc. Revenue \$0.42M:** Offset by SMRP in Capital Tracker Revenue

### Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.20M:** PBR favorability from September

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# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Sep 2024                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     |  | Full Year Plan    | YTD PE Adj       | 8&4 PE            | Proposed PE Adj  | Proposed PE       |     |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|--|-------------------|------------------|-------------------|------------------|-------------------|-----|
| Operations and Safety            | \$ (0.60)        | \$ (0.85)        | \$ 0.25          | [1] | \$ (5.93)         | \$ (5.59)         | \$ (0.34)        |  | \$ (7.33)         | \$ (0.67)        | \$ (8.00)         | \$ (0.05)        | \$ (8.05)         |     |
| President, Reg, Sust, & Cust     | (0.42)           | (0.33)           | (0.09)           | [2] | (3.57)            | (3.36)            | (0.20)           |  | (4.63)            | 0.14             | (4.49)            | (0.06)           | (4.55)            |     |
| Admin Svcs and HR                | (0.16)           | (0.14)           | (0.02)           |     | (1.75)            | (1.79)            | 0.04             |  | (2.23)            | 0.08             | (2.15)            | 0.02             | (2.13)            |     |
| Executive                        | (0.00)           | (0.00)           | (0.00)           |     | (0.21)            | (0.15)            | (0.06)           |  | (0.20)            | (0.02)           | (0.22)            | 0.00             | (0.21)            |     |
| Finance                          | (0.16)           | (0.11)           | (0.05)           |     | (1.63)            | (1.08)            | (0.55)           |  | (1.46)            | (0.59)           | (2.05)            | 0.01             | (2.04)            |     |
| General Counsel                  | (0.09)           | (0.06)           | (0.04)           |     | (0.65)            | (0.53)            | (0.12)           |  | (0.72)            | (0.10)           | (0.83)            | (0.02)           | (0.85)            |     |
| Strategy, Risk, and Comm Org     | (0.79)           | (0.53)           | (0.26)           | [3] | (7.26)            | (7.45)            | 0.19             |  | (9.72)            | 1.14             | (8.58)            | 0.01             | (8.57)            |     |
| Other G&A                        | (0.19)           | (0.40)           | 0.21             | [3] | (0.81)            | (0.60)            | (0.21)           |  | (0.54)            | (1.85)           | (2.39)            | 0.18             | (2.21)            | [1] |
| <b>Total Direct Expenses</b>     | <b>\$ (2.42)</b> | <b>\$ (2.42)</b> | <b>\$ (0.00)</b> |     | <b>\$ (21.80)</b> | <b>\$ (20.55)</b> | <b>\$ (1.24)</b> |  | <b>\$ (26.83)</b> | <b>\$ (1.87)</b> | <b>\$ (28.70)</b> | <b>\$ 0.08</b>   | <b>\$ (28.62)</b> |     |
| Short-Term Incentive             | (1.07)           | (0.65)           | (0.42)           |     | (3.12)            | (1.43)            | (1.69)           |  | (1.91)            | (1.63)           | (3.54)            | (0.51)           | (4.05)            |     |
| Long-Term Incentive              | (0.18)           | (0.16)           | (0.02)           |     | (1.21)            | (1.32)            | 0.11             |  | (1.74)            | 0.15             | (1.59)            | (0.06)           | (1.65)            |     |
| Employee Benefits                | (0.47)           | (0.43)           | (0.04)           |     | (3.61)            | (3.13)            | (0.49)           |  | (4.14)            | (0.66)           | (4.81)            | (0.10)           | (4.90)            |     |
| <b>Total Indirect Expenses</b>   | <b>\$ (1.72)</b> | <b>\$ (1.24)</b> | <b>\$ (0.48)</b> | [4] | <b>\$ (7.94)</b>  | <b>\$ (5.87)</b>  | <b>\$ (2.07)</b> |  | <b>\$ (7.80)</b>  | <b>\$ (2.14)</b> | <b>\$ (9.94)</b>  | <b>\$ (0.66)</b> | <b>\$ (10.60)</b> | [2] |
| <b>Total Corporate Functions</b> | <b>\$ (4.14)</b> | <b>\$ (3.66)</b> | <b>\$ (0.48)</b> |     | <b>\$ (29.74)</b> | <b>\$ (26.42)</b> | <b>\$ (3.31)</b> |  | <b>\$ (34.63)</b> | <b>\$ (4.01)</b> | <b>\$ (38.64)</b> | <b>\$ (0.58)</b> | <b>\$ (39.22)</b> |     |

## MTD Highlights

- Ops and Safety:** ROWC (T) \$0.1M, AKM \$0.1M (P), Fleet Fuel \$0.05M (T)
- President, Reg, Sust & Cust:** Uncollectibles (T) (\$0.05M), Regulatory & Utility Planning (G) (\$0.04M)
- Strategy, Risk & Comm Org and Other G&A:** IT depreciation offset by Other G&A (G), Legal Reserve (P) (\$0.05M)
- Indirect Expenses:** STI and Profit-Sharing scorecard updated post-PE (P) (\$0.5M)

## Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Other G&A:** WAM Deferral – remaining OpCo favorability \$0.3, Legal Reserve (\$0.05M)
- Indirects:** STI, LTIP, and Profit-Sharing performance updates (\$0.66M)

\*Remaining Variance of (\$0.1M) due to Actual vs Plan allocations\*

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# Columbia Gas of Kentucky - Net Operating Earnings (\$M)

| Oct 2024                                    | MTD Actual       | MTD PE           | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan     | Full Year Plan  | YTD PE Adj       | 9&3 PE          | Proposed PE Adj  | Proposed PE     | Risks & Upsides | YE Forecast     |
|---------------------------------------------|------------------|------------------|----------------|-----------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Net Revenue                                 | \$ 8.12          | \$ 7.78          | \$ 0.34        | \$ 97.43        | \$ 94.50        | \$ 2.92          | \$ 121.55       | \$ 2.09          | \$ 123.63       | \$ 0.38          | \$ 124.01       | \$ -            | \$ 124.01       |
| Field Operations                            | (1.61)           | (1.73)           | 0.12           | (13.76)         | (13.94)         | 0.18             | (15.92)         | (0.58)           | (16.51)         | -                | (16.51)         | -               | (16.51)         |
| Operations and Safety                       | (0.80)           | (0.78)           | (0.02)         | (6.73)          | (6.17)          | (0.56)           | (7.33)          | (1.24)           | (8.57)          | (0.00)           | (8.57)          | -               | (8.57)          |
| Gas Presidents                              | (0.17)           | (0.34)           | 0.17           | (1.83)          | (1.91)          | 0.09             | (2.30)          | (0.17)           | (2.47)          | -                | (2.47)          | -               | (2.47)          |
| President, Reg, Sust, & Cust                | (0.37)           | (0.29)           | (0.08)         | (3.94)          | (3.71)          | (0.23)           | (4.63)          | 0.07             | (4.56)          | (0.03)           | (4.59)          | -               | (4.59)          |
| Corporate Functions                         | (1.60)           | (1.15)           | (0.45)         | (13.90)         | (12.79)         | (1.11)           | (14.88)         | (1.23)           | (16.10)         | (0.54)           | (16.65)         | -               | (16.65)         |
| Indirect Expenses                           | (0.80)           | (0.84)           | 0.04           | (8.74)          | (6.43)          | (2.31)           | (7.80)          | (2.80)           | (10.60)         | 0.14             | (10.46)         | -               | (10.46)         |
| O&M                                         | (5.35)           | (5.13)           | (0.23)         | (48.89)         | (44.96)         | (3.93)           | (52.84)         | (5.96)           | (58.81)         | (0.43)           | (59.24)         | -               | (59.24)         |
| Depreciation                                | (1.91)           | (1.94)           | 0.03           | (18.62)         | (18.71)         | 0.09             | (22.57)         | 0.02             | (22.55)         | (0.17)           | (22.72)         | -               | (22.72)         |
| Total Other Taxes                           | (0.76)           | (0.87)           | 0.11           | (8.01)          | (8.11)          | 0.10             | (9.74)          | (0.11)           | (9.85)          | -                | (9.85)          | -               | (9.85)          |
| Gain/(Loss) on Sale or Impairment of Assets | \$ -             | \$ -             | \$ -           | \$ -            | \$ -            | \$ -             | \$ -            | \$ -             | \$ -            | \$ -             | \$ -            | \$ -            | \$ -            |
| <b>Operating Earnings</b>                   | <b>\$ 0.10</b>   | <b>\$ (0.15)</b> | <b>\$ 0.25</b> | <b>\$ 21.90</b> | <b>\$ 22.72</b> | <b>\$ (0.81)</b> | <b>\$ 36.40</b> | <b>\$ (3.97)</b> | <b>\$ 32.43</b> | <b>\$ (0.22)</b> | <b>\$ 32.20</b> | <b>\$ -</b>     | <b>\$ 32.20</b> |
| Total Other Income (Deductions)             | (1.00)           | (0.94)           | (0.06)         | (9.48)          | (10.55)         | 1.07             | (13.00)         | 1.45             | (11.55)         | -                | (11.55)         | -               | (11.55)         |
| <b>Pre-Tax Earnings</b>                     | <b>\$ (0.90)</b> | <b>\$ (1.09)</b> | <b>\$ 0.19</b> | <b>\$ 12.43</b> | <b>\$ 12.17</b> | <b>\$ 0.26</b>   | <b>\$ 23.40</b> | <b>\$ (2.52)</b> | <b>\$ 20.87</b> | <b>\$ (0.22)</b> | <b>\$ 20.65</b> | <b>\$ -</b>     | <b>\$ 20.65</b> |
| Income Taxes                                | 0.27             | 0.35             | (0.08)         | (2.70)          | (2.59)          | (0.12)           | (5.30)          | 0.72             | (4.58)          | -                | (4.58)          | -               | (4.58)          |
| Effective Tax Rate                          | 30.1%            | 31.9%            | 1.8%           | 21.8%           | 21.2%           | -0.5%            | 22.6%           | 0.7%             | 21.9%           |                  |                 |                 |                 |
| <b>Net Operating Earnings</b>               | <b>\$ (0.63)</b> | <b>\$ (0.75)</b> | <b>\$ 0.12</b> | <b>\$ 9.72</b>  | <b>\$ 9.58</b>  | <b>\$ 0.14</b>   | <b>\$ 18.10</b> | <b>\$ (1.81)</b> | <b>\$ 16.30</b> | <b>\$ (0.22)</b> | <b>\$ 16.07</b> | <b>\$ -</b>     | <b>\$ 16.07</b> |

## MTD Highlights

- **Net Revenue \$0.34M:** PBR favorability not captured in AFP
- **Gas Presidents \$0.17M:** Favorability due to Green Path Disallowance Timing
- **Field Operations \$0.12M:** Favorability in Materials & Supplies \$0.17M due to delay in delivery for Regulation materials offset by unfavorability in Outside Services (\$0.08M) due to timing on Curb Box Inspections and Corrosion Preventative Maintenance
- **President, Reg, Sust & Cust (\$0.08M):** Uncollectibles (T) (\$0.03M), Regulatory & Utility Planning (G) (\$0.03M), Admin external services (P) (\$0.01M)
- **Corporate Functions (\$0.45M):** Real Estate external spend (T/P) (\$0.22M), IT Projects (G) (\$0.18M)

## Proposed PE Adjustment Highlights

- **Net Revenue \$0.38M:** October PBR actuals \$0.38M
- **Other G&A (\$0.52M):** WAM Deferral – remaining OpCo reversal (\$0.52M)
- **Indirects \$0.14M:** STI scorecard update, LTIP performance, and medical favorability \$0.14M
- **Depreciation (\$0.17M):** Additional Mendix Amortization (\$0.17M)
- **All Other PE Variances are due to actual vs plan allocation rates**

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# Columbia Gas of Kentucky - Net Revenue (\$M)

| Oct 2024                  | MTD Actual     | MTD PE         | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj       | 9&3 PE           | Proposed PE Adj | Proposed PE      |
|---------------------------|----------------|----------------|----------------|-----------------|-----------------|----------------|------------------|------------------|------------------|-----------------|------------------|
| Residential               | \$ 4.35        | \$ 4.34        | \$ 0.00        | \$ 56.31        | \$ 55.40        | \$ 0.91        | \$ 72.74         | \$ -             | \$ 72.74         | \$ -            | \$ 72.74         |
| Commercial                | 2.16           | 2.11           | 0.05           | 25.26           | 25.69           | (0.43)         | 32.42            | -                | 32.42            | -               | 32.42            |
| Industrial                | 0.62           | 0.58           | 0.05           | 6.82            | 5.78            | 1.04           | 7.08             | (0.00)           | 7.08             | -               | 7.08             |
| Rate Case Outcome         | -              | -              | -              | -               | -               | -              | -                | -                | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 7.13</b> | <b>\$ 7.03</b> | <b>\$ 0.10</b> | <b>\$ 88.39</b> | <b>\$ 86.87</b> | <b>\$ 1.51</b> | <b>\$ 112.24</b> | <b>\$ (0.00)</b> | <b>\$ 112.24</b> | <b>\$ -</b>     | <b>\$ 112.24</b> |
| Capital Trackers          | 0.17           | 0.66           | (0.49)         | 4.38            | 5.33            | (0.95)         | 6.74             | -                | 6.74             | -               | 6.74             |
| Supply & Optimization     | 0.38           | -              | 0.38           | 3.72            | 1.25            | 2.47           | 1.25             | 2.09             | 3.34             | 0.38            | 3.72             |
| Other Misc. Revenue       | 0.44           | 0.09           | 0.35           | 0.95            | 1.05            | (0.10)         | 1.32             | 0.00             | 1.32             | -               | 1.32             |
| <b>Net Revenue</b>        | <b>\$ 8.12</b> | <b>\$ 7.78</b> | <b>\$ 0.34</b> | <b>\$ 97.43</b> | <b>\$ 94.50</b> | <b>\$ 2.92</b> | <b>\$ 121.55</b> | <b>\$ 2.09</b>   | <b>\$ 123.63</b> | <b>\$ 0.38</b>  | <b>\$ 124.01</b> |

| Customer Count |         |         |       |           |           |
|----------------|---------|---------|-------|-----------|-----------|
| Residential    | 122,579 | 122,095 | 484   | 1,235,844 | 1,234,326 |
| Commercial     | 13,515  | 13,698  | (183) | 137,585   | 138,726   |
| Industrial     | 111     | 118     | (7)   | 1,114     | 1,153     |

| Normalized Volumes |           |           |         |            |            |
|--------------------|-----------|-----------|---------|------------|------------|
| Residential        | 374,302   | 361,082   | 13,220  | 5,983,976  | 5,837,325  |
| Commercial         | 517,914   | 497,424   | 20,490  | 6,458,642  | 6,356,485  |
| Industrial         | 1,424,249 | 1,048,719 | 375,530 | 14,411,970 | 11,295,990 |

## MTD Highlights

- **Base Retail Margin \$0.10M:** Primarily driven by higher usage compared to forecast, partially offset by lower customer counts in Commercial and Industrial compared to forecast
- **Capital Trackers (\$0.49M):** SMRP offset in Other Misc. Revenue
- **Supply & Optimization \$0.38M:** PBR favorability not captured in the forecast
- **Other Misc. Revenue \$0.35M:** Offset by SMRP in Capital Tracker Revenue

## Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.38M:** PBR favorability from October

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# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Oct 2024                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 9&3 PE            | Proposed PE Adj  | Proposed PE       |     |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|-----|
| Operations and Safety            | \$ (0.80)        | \$ (0.78)        | \$ (0.02)        |     | \$ (6.73)         | \$ (6.17)         | \$ (0.56)        | \$ (7.33)         | \$ (1.22)        | \$ (8.55)         | \$ (0.00)        | \$ (8.55)         |     |
| President, Reg, Sust, & Cust     | (0.37)           | (0.29)           | (0.08)           | [1] | (3.94)            | (3.71)            | (0.23)           | (4.63)            | 0.07             | (4.56)            | (0.03)           | (4.59)            |     |
| Admin Svcs and HR                | (0.33)           | (0.12)           | (0.22)           | [2] | (2.08)            | (1.94)            | (0.14)           | (2.23)            | 0.10             | (2.13)            | (0.02)           | (2.15)            |     |
| Executive                        | (0.02)           | (0.00)           | (0.02)           |     | (0.23)            | (0.17)            | (0.07)           | (0.20)            | (0.01)           | (0.21)            | (0.00)           | (0.22)            |     |
| Finance                          | (0.12)           | (0.12)           | (0.00)           |     | (1.75)            | (1.20)            | (0.55)           | (1.46)            | (0.59)           | (2.06)            | (0.02)           | (2.07)            |     |
| General Counsel                  | (0.05)           | (0.03)           | (0.02)           |     | (0.70)            | (0.58)            | (0.12)           | (0.72)            | (0.13)           | (0.85)            | (0.01)           | (0.86)            |     |
| Strategy, Risk, and Comm Org     | (0.87)           | (0.43)           | (0.44)           | [3] | (8.12)            | (8.25)            | 0.12             | (9.72)            | 1.11             | (8.61)            | 0.03             | (8.58)            |     |
| Other G&A                        | (0.20)           | (0.45)           | 0.26             | [3] | (1.01)            | (0.66)            | (0.35)           | (0.54)            | (1.71)           | (2.24)            | (0.52)           | (2.76)            | [1] |
| <b>Total Direct Expenses</b>     | <b>\$ (2.77)</b> | <b>\$ (2.22)</b> | <b>\$ (0.55)</b> |     | <b>\$ (24.57)</b> | <b>\$ (22.68)</b> | <b>\$ (1.89)</b> | <b>\$ (26.83)</b> | <b>\$ (2.38)</b> | <b>\$ (29.21)</b> | <b>\$ (0.58)</b> | <b>\$ (29.79)</b> |     |
| Short-Term Incentive             | (0.32)           | (0.32)           | (0.01)           |     | (3.44)            | (1.59)            | (1.85)           | (1.91)            | (2.14)           | (4.05)            | 0.16             | (3.89)            |     |
| Long-Term Incentive              | (0.13)           | (0.14)           | 0.01             |     | (1.33)            | (1.46)            | 0.13             | (1.74)            | 0.09             | (1.65)            | (0.06)           | (1.72)            |     |
| Employee Benefits                | (0.35)           | (0.38)           | 0.03             |     | (3.96)            | (3.38)            | (0.58)           | (4.14)            | (0.76)           | (4.90)            | 0.05             | (4.85)            |     |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.80)</b> | <b>\$ (0.84)</b> | <b>\$ 0.04</b>   | [4] | <b>\$ (8.74)</b>  | <b>\$ (6.43)</b>  | <b>\$ (2.31)</b> | <b>\$ (7.80)</b>  | <b>\$ (2.80)</b> | <b>\$ (10.60)</b> | <b>\$ 0.14</b>   | <b>\$ (10.46)</b> | [2] |
| <b>Total Corporate Functions</b> | <b>\$ (3.57)</b> | <b>\$ (3.06)</b> | <b>\$ (0.51)</b> |     | <b>\$ (33.31)</b> | <b>\$ (29.10)</b> | <b>\$ (4.20)</b> | <b>\$ (34.63)</b> | <b>\$ (5.19)</b> | <b>\$ (39.81)</b> | <b>\$ (0.43)</b> | <b>\$ (40.24)</b> |     |

## MTD Highlights

- President, Reg, Sust & Cust:** Uncollectibles (T) (\$0.03M), Regulatory & Utility Planning (G) (\$0.03M), Admin external services (\$0.01) (P)
- Admin Services & HR:** Real Estate external spend (T/P) (\$0.22)
- Strategy, Risk & Comm Org and Other G&A:** IT depreciation offset by Other G&A (G), IT Projects (G) (\$0.18M)
- Indirect Expenses:** Employee Medical Favorability \$0.04M

## Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Other G&A:** WAM Deferral – remaining OpCo reversal (\$0.52M)
- Indirects:** STI scorecard update, LTIP performance, and medical favorability \$0.14M

\*Remaining Variance of (\$0.06M) due to Actual vs Plan allocations\*

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# Columbia Gas of Kentucky - Net Operating Earnings (\$M)

| Nov 2024                        | MTD Actual     | MTD PE         | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan     | Full Year Plan  | YTD PE Adj       | 10&2 PE         | Proposed PE Adj | Proposed PE     | Risks & Upsides | YE Forecast     |
|---------------------------------|----------------|----------------|----------------|-----------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenue                     | \$ 12.02       | \$ 11.39       | \$ 0.64        | \$ 109.45       | \$ 105.89       | \$ 3.55          | \$ 121.55       | \$ 2.47          | \$ 124.01       | \$ 0.50         | \$ 124.51       | \$ -            | \$ 124.51       |
| Field Operations                | (1.44)         | (1.57)         | 0.13           | (15.20)         | (14.88)         | (0.32)           | (15.92)         | (0.58)           | (16.51)         | (0.05)          | (16.56)         | -               | (16.56)         |
| Operations and Safety           | (0.80)         | (0.87)         | 0.07           | (7.53)          | (6.76)          | (0.77)           | (7.33)          | (1.34)           | (8.67)          | 0.20            | (8.47)          | -               | (8.47)          |
| Gas Presidents                  | (0.18)         | (0.37)         | 0.19           | (2.01)          | (2.10)          | 0.10             | (2.30)          | (0.17)           | (2.47)          | -               | (2.47)          | -               | (2.47)          |
| President, Reg, Sust, & Cust    | (0.33)         | (0.31)         | (0.02)         | (4.27)          | (4.14)          | (0.13)           | (4.63)          | 0.06             | (4.57)          | (0.03)          | (4.59)          | -               | (4.59)          |
| Corporate Functions             | (1.09)         | (1.24)         | 0.15           | (15.00)         | (14.03)         | (0.97)           | (14.88)         | (1.80)           | (16.68)         | (0.08)          | (16.76)         | -               | (16.76)         |
| Indirect Expenses               | (0.76)         | (0.69)         | (0.07)         | (9.49)          | (7.10)          | (2.39)           | (7.80)          | (2.66)           | (10.46)         | (0.04)          | (10.50)         | -               | (10.50)         |
| O&M                             | (4.61)         | (5.06)         | 0.45           | (53.50)         | (49.01)         | (4.49)           | (52.84)         | (6.51)           | (59.35)         | (0.00)          | (59.35)         | -               | (59.35)         |
| Depreciation                    | (2.04)         | (2.04)         | 0.00           | (20.66)         | (20.64)         | (0.03)           | (22.57)         | (0.15)           | (22.72)         | -               | (22.72)         | -               | (22.72)         |
| Total Other Taxes               | (0.81)         | (0.90)         | 0.09           | (8.82)          | (8.93)          | 0.11             | (9.74)          | 0.03             | (9.70)          | -               | (9.70)          | -               | (9.70)          |
| <b>Operating Earnings</b>       | <b>\$ 4.56</b> | <b>\$ 3.39</b> | <b>\$ 1.17</b> | <b>\$ 26.47</b> | <b>\$ 27.32</b> | <b>\$ (0.86)</b> | <b>\$ 36.40</b> | <b>\$ (4.15)</b> | <b>\$ 32.24</b> | <b>\$ 0.50</b>  | <b>\$ 32.74</b> | <b>\$ -</b>     | <b>\$ 32.74</b> |
| Total Other Income (Deductions) | (0.95)         | (0.92)         | (0.03)         | (10.43)         | (11.75)         | 1.32             | (13.00)         | 1.33             | (11.67)         | -               | (11.67)         | -               | (11.67)         |
| <b>Pre-Tax Earnings</b>         | <b>\$ 3.61</b> | <b>\$ 2.47</b> | <b>\$ 1.15</b> | <b>\$ 16.04</b> | <b>\$ 15.57</b> | <b>\$ 0.47</b>   | <b>\$ 23.40</b> | <b>\$ (2.82)</b> | <b>\$ 20.58</b> | <b>\$ 0.50</b>  | <b>\$ 21.08</b> | <b>\$ -</b>     | <b>\$ 21.08</b> |
| Income Taxes                    | (0.78)         | (0.48)         | (0.30)         | (3.48)          | (3.39)          | (0.09)           | (5.30)          | 0.79             | (4.51)          | -               | (4.51)          | -               | (4.51)          |
| Effective Tax Rate              | 21.6%          | 19.4%          | -2.2%          | 21.7%           | 21.8%           | 0.0%             | 22.6%           | 0.7%             | 21.9%           |                 |                 |                 |                 |
| <b>Net Operating Earnings</b>   | <b>\$ 2.83</b> | <b>\$ 1.99</b> | <b>\$ 0.84</b> | <b>\$ 12.56</b> | <b>\$ 12.18</b> | <b>\$ 0.37</b>   | <b>\$ 18.10</b> | <b>\$ (2.03)</b> | <b>\$ 16.07</b> | <b>\$ 0.50</b>  | <b>\$ 16.57</b> | <b>\$ -</b>     | <b>\$ 16.57</b> |

## MTD Highlights

- **Net Revenue \$0.64M:** Higher usage compared to forecast in Residential and Industrial, PBR favorability not captured in AFP
- **Gas Presidents \$0.19M:** Favorability due to Green Path Disallowance Timing
- **Field Operations \$0.13M:** Favorability due to refund for a capital Main Line Extension made in error. Accounting is aware and this will be reversed in December close
- **Operations & Safety \$0.07M:** Fleet AKM non labor (T) \$0.07M
- **Corporate Functions \$0.15M:** Prepaid write off geography with NSI \$0.15M, IT Software – Azure (T) \$0.18M, Real Estate external spend (T) (\$0.13M), IT Projects (G) (\$0.18M)
- **Indirect Expenses (\$0.07M):** STI Eligible Earnings update (\$0.07M)

## Proposed PE Adjustment Highlights

- **Net Revenue:** November PBR actuals \$0.50M
- **Operations & Safety:** Ops & Safety Admin offset in Gap Ops (G) \$0.13, Fleet state (G) \$0.03
- **Admin Services & HR:** Real Estate Services allocation true up to align with YTD actuals (G) (\$0.24)
- **Other G&A:** Prepaid write off geography with NSI \$0.15M
- **Indirects:** STI Eligible Earnings update (\$0.08), Cleaning up LTIP allocation to match actuals (\$0.05), Benefits OPEB adj favorability \$0.09
- **All Other PE Variances are due to actual vs plan allocation rates**

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# Columbia Gas of Kentucky - Net Revenue (\$M)

| Nov 2024                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual       | YTD Plan         | YTD vs. Plan   | Full Year Plan   | YTD PE Adj       | 10&2 PE          | Proposed PE Adj | Proposed PE      |
|---------------------------|-----------------|-----------------|----------------|------------------|------------------|----------------|------------------|------------------|------------------|-----------------|------------------|
| Residential               | \$ 7.17         | \$ 7.12         | \$ 0.05        | \$ 63.48         | \$ 62.52         | \$ 0.96        | \$ 72.74         | \$ -             | \$ 72.74         | \$ -            | \$ 72.74         |
| Commercial                | 2.84            | 2.83            | 0.01           | 28.10            | 28.52            | (0.43)         | 32.42            | -                | 32.42            | -               | 32.42            |
| Industrial                | 0.76            | 0.62            | 0.14           | 7.58             | 6.40             | 1.18           | 7.08             | (0.00)           | 7.08             | -               | 7.08             |
| Rate Case Outcome         | -               | -               | -              | -                | -                | -              | -                | -                | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 10.77</b> | <b>\$ 10.57</b> | <b>\$ 0.20</b> | <b>\$ 99.16</b>  | <b>\$ 97.45</b>  | <b>\$ 1.71</b> | <b>\$ 112.24</b> | <b>\$ (0.00)</b> | <b>\$ 112.24</b> | <b>\$ -</b>     | <b>\$ 112.24</b> |
| Capital Trackers          | 0.31            | 0.69            | (0.38)         | 4.69             | 6.02             | (1.33)         | 6.74             | -                | 6.74             | -               | 6.74             |
| Supply & Optimization     | 0.53            | -               | 0.53           | 4.24             | 1.25             | 2.99           | 1.25             | 2.47             | 3.72             | 0.50            | 4.22             |
| Other Misc. Revenue       | 0.41            | 0.12            | 0.29           | 1.36             | 1.18             | 0.18           | 1.32             | 0.00             | 1.32             | -               | 1.32             |
| <b>Net Revenue</b>        | <b>\$ 12.02</b> | <b>\$ 11.39</b> | <b>\$ 0.64</b> | <b>\$ 109.45</b> | <b>\$ 105.89</b> | <b>\$ 3.55</b> | <b>\$ 121.55</b> | <b>\$ 2.47</b>   | <b>\$ 124.01</b> | <b>\$ 0.50</b>  | <b>\$ 124.51</b> |

| Customer Count |         |         |       |           |           |         |
|----------------|---------|---------|-------|-----------|-----------|---------|
| Residential    | 123,398 | 123,746 | (348) | 1,359,242 | 1,358,072 | 1,170   |
| Commercial     | 13,699  | 13,852  | (153) | 151,284   | 152,578   | (1,294) |
| Industrial     | 111     | 118     | (7)   | 1,225     | 1,271     | (46)    |

| Normalized Volumes |           |           |         |            |            |           |
|--------------------|-----------|-----------|---------|------------|------------|-----------|
| Residential        | 907,141   | 885,077   | 22,063  | 6,891,117  | 6,722,402  | 168,715   |
| Commercial         | 825,544   | 809,526   | 16,017  | 7,284,185  | 7,166,011  | 118,175   |
| Industrial         | 1,870,079 | 1,130,014 | 740,065 | 16,282,049 | 12,426,004 | 3,856,044 |

## MTD Highlights

- **Base Retail Margin \$0.20M:** Primarily driven by higher usage compared to forecast in Residential and Industrial
- **Capital Trackers (\$0.38M):** SMRP offset in Other Misc. Revenue
- **Supply & Optimization \$0.53M:** PBR favorability not captured in the forecast
- **Other Misc. Revenue \$0.29M:** Offset by SMRP in Capital Tracker Revenue

## Proposed PE Adjustment Highlights

- **Supply & Optimization \$0.5M:** PBR favorability from November

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## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Nov 2024                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     |  | Full Year Plan    | YTD PE Adj       | 10&2 PE           | Proposed PE Adj  | Proposed PE       |     |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|--|-------------------|------------------|-------------------|------------------|-------------------|-----|
| Operations and Safety            | \$ (0.80)        | \$ (0.87)        | \$ 0.07          | [1] | \$ (7.53)         | \$ (6.76)         | \$ (0.77)        |  | \$ (7.33)         | \$ (1.32)        | \$ (8.65)         | \$ 0.20          | \$ (8.45)         | [1] |
| President, Reg, Sust, & Cust     | (0.33)           | (0.31)           | (0.02)           |     | (4.27)            | (4.14)            | (0.13)           |  | (4.63)            | 0.06             | (4.57)            | (0.03)           | (4.59)            |     |
| Admin Svcs and HR                | (0.17)           | (0.04)           | (0.13)           | [2] | (2.25)            | (2.12)            | (0.13)           |  | (2.23)            | 0.08             | (2.15)            | (0.24)           | (2.40)            | [2] |
| Executive                        | (0.02)           | 0.01             | (0.03)           |     | (0.25)            | (0.18)            | (0.07)           |  | (0.20)            | (0.02)           | (0.22)            | (0.00)           | (0.22)            |     |
| Finance                          | (0.15)           | (0.10)           | (0.05)           |     | (1.90)            | (1.32)            | (0.58)           |  | (1.46)            | (0.61)           | (2.08)            | (0.01)           | (2.09)            |     |
| General Counsel                  | (0.05)           | (0.07)           | 0.02             |     | (0.75)            | (0.64)            | (0.10)           |  | (0.72)            | (0.14)           | (0.86)            | 0.00             | (0.86)            |     |
| Strategy, Risk, and Comm Org     | (0.81)           | (0.20)           | (0.61)           | [3] | (8.94)            | (9.04)            | 0.10             |  | (9.72)            | 1.12             | (8.60)            | 0.02             | (8.58)            |     |
| Other G&A                        | 0.10             | (0.84)           | 0.94             | [3] | (0.91)            | (0.71)            | (0.20)           |  | (0.54)            | (2.22)           | (2.76)            | 0.15             | (2.61)            | [3] |
| <b>Total Direct Expenses</b>     | <b>\$ (2.23)</b> | <b>\$ (2.42)</b> | <b>\$ 0.19</b>   |     | <b>\$ (26.80)</b> | <b>\$ (24.93)</b> | <b>\$ (1.87)</b> |  | <b>\$ (26.83)</b> | <b>\$ (3.06)</b> | <b>\$ (29.89)</b> | <b>\$ 0.09</b>   | <b>\$ (29.80)</b> |     |
| Short-Term Incentive             | (0.23)           | (0.15)           | (0.08)           |     | (3.67)            | (1.75)            | (1.92)           |  | (1.91)            | (1.96)           | (3.87)            | (0.08)           | (3.96)            |     |
| Long-Term Incentive              | (0.11)           | (0.12)           | 0.01             |     | (1.45)            | (1.60)            | 0.15             |  | (1.74)            | 0.03             | (1.72)            | (0.05)           | (1.77)            |     |
| Employee Benefits                | (0.41)           | (0.42)           | 0.00             |     | (4.37)            | (3.75)            | (0.63)           |  | (4.14)            | (0.73)           | (4.87)            | 0.09             | (4.78)            |     |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.76)</b> | <b>\$ (0.69)</b> | <b>\$ (0.07)</b> | [4] | <b>\$ (9.49)</b>  | <b>\$ (7.10)</b>  | <b>\$ (2.39)</b> |  | <b>\$ (7.80)</b>  | <b>\$ (2.66)</b> | <b>\$ (10.46)</b> | <b>\$ (0.04)</b> | <b>\$ (10.50)</b> | [4] |
| <b>Total Corporate Functions</b> | <b>\$ (2.99)</b> | <b>\$ (3.11)</b> | <b>\$ 0.12</b>   |     | <b>\$ (36.29)</b> | <b>\$ (32.03)</b> | <b>\$ (4.27)</b> |  | <b>\$ (34.63)</b> | <b>\$ (5.73)</b> | <b>\$ (40.35)</b> | <b>\$ 0.05</b>   | <b>\$ (40.30)</b> |     |

### MTD Highlights

- Operations & Safety:** Fleet & AKM non labor (T) \$0.07
- Admin Services & HR:** Real Estate external spend (T) (\$0.13)
- Strategy, Risk & Comm Org and Other G&A:** IT depreciation offset by Other G&A (G), Prepaid write off geography with NSI \$0.15M, IT Software – Azure (T) \$0.18
- Indirect Expenses:** STI Eligible Earnings update (\$0.07M)

### Proposed PE Adjustment Highlights

Note: Corporate Amounts Above May Change as PE is Finalized

- Operations & Safety:** Devonway capitalization & Technical training labor favorability \$0.2
- Admin Services & HR:** Real Estate Services allocation true up to align with YTD actuals (G) (\$0.24)
- Other G&A:** Prepaid write off geography with NSI \$0.15M
- Indirects:** STI Eligible Earnings update (\$0.08), Cleaning up LTIP allocation to match actuals (\$0.05), Benefits OPEB adj favorability \$0.09

\*Remaining Variance of \$0.02M due to Actual vs Plan allocations\*

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# Columbia Gas of Kentucky - Net Operating Earnings (\$M)

| Dec 2024                        | MTD Actual     | MTD PE         | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan     | Full Year Plan  | YTD PE Adj       | 11&1 PE         | Var vs PE      | YE Actual       |
|---------------------------------|----------------|----------------|----------------|-----------------|-----------------|------------------|-----------------|------------------|-----------------|----------------|-----------------|
| Net Revenue                     | \$ 17.08       | \$ 15.09       | \$ 1.99        | \$ 126.53       | \$ 121.55       | \$ 4.98          | \$ 121.55       | \$ 2.99          | \$ 124.54       | \$ 1.99        | \$ 126.53       |
| Field Operations                | (1.71)         | (1.37)         | (0.33)         | (16.910)        | (15.92)         | (0.99)           | (15.92)         | (0.64)           | (16.56)         | (0.35)         | (16.91)         |
| Operations and Safety           | (0.80)         | (0.92)         | 0.12           | (8.32)          | (7.33)          | (1.00)           | (7.33)          | (1.14)           | (8.47)          | 0.14           | (8.32)          |
| Gas Presidents                  | (0.24)         | (0.46)         | 0.22           | (2.25)          | (2.30)          | 0.04             | (2.30)          | (0.17)           | (2.47)          | 0.22           | (2.25)          |
| President, Reg, Sust, & Cust    | (0.37)         | (0.36)         | (0.00)         | (4.64)          | (4.63)          | (0.01)           | (4.63)          | (0.01)           | (4.63)          | (0.00)         | (4.64)          |
| Corporate Functions             | (1.44)         | (1.76)         | 0.32           | (16.44)         | (14.88)         | (1.56)           | (14.88)         | (1.88)           | (16.76)         | 0.32           | (16.44)         |
| Indirect Expenses               | (1.28)         | (1.01)         | (0.27)         | (10.77)         | (7.80)          | (2.97)           | (7.80)          | (2.70)           | (10.50)         | (0.27)         | (10.77)         |
| O&M                             | (5.83)         | (5.89)         | 0.05           | (59.34)         | (52.84)         | (6.50)           | (52.84)         | (6.55)           | (59.39)         | 0.05           | (59.34)         |
| Depreciation                    | (2.17)         | (2.06)         | (0.12)         | (22.84)         | (22.57)         | (0.27)           | (22.57)         | (0.15)           | (22.72)         | (0.12)         | (22.84)         |
| Total Other Taxes               | (0.81)         | (0.89)         | 0.08           | (9.63)          | (9.74)          | 0.11             | (9.74)          | 0.03             | (9.70)          | 0.08           | (9.63)          |
| <b>Operating Earnings</b>       | <b>\$ 8.26</b> | <b>\$ 6.26</b> | <b>\$ 2.00</b> | <b>\$ 34.73</b> | <b>\$ 36.40</b> | <b>\$ (1.67)</b> | <b>\$ 36.40</b> | <b>\$ (3.67)</b> | <b>\$ 32.73</b> | <b>\$ 2.00</b> | <b>\$ 34.73</b> |
| Total Other Income (Deductions) | (1.45)         | (1.01)         | (0.45)         | (11.88)         | (13.00)         | 1.12             | (13.00)         | 1.57             | (11.43)         | (0.45)         | (11.88)         |
| <b>Pre-Tax Earnings</b>         | <b>\$ 6.80</b> | <b>\$ 5.26</b> | <b>\$ 1.55</b> | <b>\$ 22.84</b> | <b>\$ 23.40</b> | <b>\$ (0.56)</b> | <b>\$ 23.40</b> | <b>\$ (2.10)</b> | <b>\$ 21.30</b> | <b>\$ 1.55</b> | <b>\$ 22.84</b> |
| Income Taxes                    | (1.34)         | (1.22)         | (0.12)         | (4.83)          | (5.30)          | 0.47             | (5.30)          | 0.59             | (4.71)          | (0.12)         | (4.83)          |
| Effective Tax Rate              | 19.7%          | 23.3%          | 3.5%           | 21.1%           | 22.6%           | 1.5%             | 22.6%           | 0.5%             | 22.1%           | -1.0%          | 21.1%           |
| <b>Net Operating Earnings</b>   | <b>\$ 5.46</b> | <b>\$ 4.03</b> | <b>\$ 1.43</b> | <b>\$ 18.02</b> | <b>\$ 18.10</b> | <b>\$ (0.08)</b> | <b>\$ 18.10</b> | <b>\$ (1.51)</b> | <b>\$ 16.59</b> | <b>\$ 1.43</b> | <b>\$ 18.02</b> |

## MTD Highlights

- **Net Revenue \$1.99M:** Higher usage compared to forecast in Residential and Industrial, PBR favorability not captured in AFP, partially offset by SMRP revenue
- **Field Operations (\$0.33M):** Unfavorability due to over planned units/hours on leaks, overspend on tooling, PS&I, Crossbore work, and restoration.
- **Gas Presidents \$0.22M:** Favorability due to Green Path Disallowance entries, favorability for PSC Fees and Diversified billings
- **Operations & Safety \$0.12M:** AKM non labor (G) \$0.12M
- **Corporate Functions \$0.15M:** External spend for Real Estate (G) (\$0.04), Aviation (G) (\$0.04), Communications (G) (\$0.04M), CEO (G) (\$0.04M) non-labor, IT depreciation offset by Other G&A (G), WAM (G) with NIPSCO \$0.49M
- **Indirect Expenses (\$0.27M):** STI scorecard update (\$0.20M), medical benefits unfavorability (\$0.07M)

## Proposed PE Adjustment Highlights

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# Columbia Gas of Kentucky - Net Revenue (\$M)

| Dec 2024              | MTD Actual | MTD PE   | MTD vs. PE | YTD Actual | YTD Plan  | YTD vs. Plan | Full Year Plan | YTD PE Adj | 11&1 PE   | Var vs PE | YE Actual |
|-----------------------|------------|----------|------------|------------|-----------|--------------|----------------|------------|-----------|-----------|-----------|
| Residential           | \$ 10.64   | \$ 9.24  | \$ 1.40    | \$ 74.12   | \$ 72.74  | \$ 1.38      | \$ 72.74       | \$ -       | \$ 72.74  | \$ 1.38   | \$ 74.12  |
| Commercial            | 4.11       | 4.32     | (0.22)     | 32.20      | 32.42     | (0.22)       | 32.42          | -          | 32.42     | (0.22)    | 32.20     |
| Industrial            | 0.82       | (0.51)   | 1.33       | 8.40       | 7.08      | 1.31         | 7.08           | (0.00)     | 7.08      | 1.31      | 8.40      |
| Rate Case Outcome     | -          | -        | -          | -          | -         | -            | -              | -          | -         | -         | -         |
| Base Retail Margin    | \$ 15.56   | \$ 13.05 | \$ 2.51    | \$ 114.72  | \$ 112.24 | \$ 2.48      | \$ 112.24      | \$ (0.00)  | \$ 112.24 | \$ 2.48   | \$ 114.72 |
| Capital Trackers      | 0.97       | 2.05     | (1.08)     | 5.66       | 6.74      | (1.08)       | 6.74           | -          | 6.74      | (1.08)    | 5.66      |
| Supply & Optimization | 0.79       | 0.00     | 0.79       | 5.03       | 1.25      | 3.78         | 1.25           | 2.99       | 4.24      | 0.79      | 5.03      |
| Other Misc. Revenue   | (0.25)     | (0.01)   | (0.23)     | 1.12       | 1.32      | (0.20)       | 1.32           | 0.00       | 1.32      | (0.20)    | 1.12      |
| Net Revenue           | \$ 17.08   | \$ 15.09 | \$ 1.99    | \$ 126.53  | \$ 121.55 | \$ 4.98      | \$ 121.55      | \$ 2.99    | \$ 124.54 | \$ 1.99   | \$ 126.53 |

| Customer Count |         |         |       |           |           |         |
|----------------|---------|---------|-------|-----------|-----------|---------|
| Residential    | 124,416 | 124,557 | (141) | 1,483,658 | 1,482,629 | 1,029   |
| Commercial     | 13,957  | 13,996  | (39)  | 165,241   | 166,573   | (1,332) |
| Industrial     | 111     | 117     | (6)   | 1,336     | 1,388     | (52)    |

| Normalized Volumes |           |           |         |            |            |           |
|--------------------|-----------|-----------|---------|------------|------------|-----------|
| Residential        | 1,475,082 | 1,471,982 | 3,100   | 8,366,198  | 8,194,383  | 171,815   |
| Commercial         | 1,197,055 | 1,182,859 | 14,196  | 8,481,241  | 8,348,870  | 132,370   |
| Industrial         | 2,067,517 | 1,398,602 | 668,916 | 18,349,566 | 13,824,606 | 4,524,960 |

## MTD Highlights

- **Base Retail Margin \$2.5M:** Primarily driven by higher usage compared to forecast in Residential and Industrial YTD
- **Capital Trackers (\$1.1M):** SMRP due to in-service delay and prior period adjustment
- **Supply & Optimization \$0.8M:** PBR favorability not captured in the forecast
- **Other Misc. Revenue \$(0.23M):** Partially SMRP due to geography

## Proposed PE Adjustment Highlights

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# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Dec 2024                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 11&1 PE           | Var vs PE        | YE Actual         |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Operations and Safety            | \$ (0.80)        | \$ (0.92)        | \$ 0.12          | [1] | \$ (8.32)         | \$ (7.33)         | \$ (1.00)        | \$ (7.33)         | \$ (1.12)        | \$ (8.45)         | \$ 0.12          | \$ (8.32)         |
| President, Reg, Sust, & Cust     | (0.37)           | (0.36)           | (0.00)           |     | (4.64)            | (4.63)            | (0.01)           | (4.63)            | (0.01)           | (4.63)            | (0.00)           | (4.64)            |
| Admin Svcs and HR                | (0.22)           | (0.14)           | (0.08)           | [2] | (2.47)            | (2.23)            | (0.24)           | (2.23)            | (0.17)           | (2.40)            | (0.08)           | (2.47)            |
| Executive                        | (0.05)           | 0.03             | (0.08)           | [3] | (0.31)            | (0.20)            | (0.10)           | (0.20)            | (0.02)           | (0.22)            | (0.08)           | (0.31)            |
| Finance                          | (0.24)           | (0.19)           | (0.06)           |     | (2.14)            | (1.46)            | (0.68)           | (1.46)            | (0.62)           | (2.09)            | (0.06)           | (2.14)            |
| General Counsel                  | (0.07)           | (0.11)           | 0.04             |     | (0.82)            | (0.72)            | (0.09)           | (0.72)            | (0.14)           | (0.86)            | 0.04             | (0.82)            |
| Strategy, Risk, and Comm Org     | (0.90)           | 0.36             | (1.26)           | [4] | (9.84)            | (9.72)            | (0.12)           | (9.72)            | 1.14             | (8.58)            | (1.26)           | (9.84)            |
| Other G&A                        | 0.05             | (1.70)           | 1.75             | [4] | (0.86)            | (0.54)            | (0.32)           | (0.54)            | (2.08)           | (2.61)            | 1.75             | (0.86)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.60)</b> | <b>\$ (3.04)</b> | <b>\$ 0.44</b>   |     | <b>\$ (29.40)</b> | <b>\$ (26.83)</b> | <b>\$ (2.58)</b> | <b>\$ (26.83)</b> | <b>\$ (3.02)</b> | <b>\$ (29.84)</b> | <b>\$ 0.44</b>   | <b>\$ (29.40)</b> |
| Short-Term Incentive             | (0.48)           | (0.28)           | (0.20)           |     | (4.15)            | (1.91)            | (2.24)           | (1.91)            | (2.05)           | (3.96)            | (0.20)           | (4.15)            |
| Long-Term Incentive              | (0.32)           | (0.32)           | (0.00)           |     | (1.77)            | (1.74)            | (0.03)           | (1.74)            | (0.02)           | (1.77)            | (0.00)           | (1.77)            |
| Employee Benefits                | (0.47)           | (0.40)           | (0.07)           |     | (4.85)            | (4.14)            | (0.70)           | (4.14)            | (0.63)           | (4.78)            | (0.07)           | (4.85)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (1.28)</b> | <b>\$ (1.01)</b> | <b>\$ (0.27)</b> | [5] | <b>\$ (10.77)</b> | <b>\$ (7.80)</b>  | <b>\$ (2.97)</b> | <b>\$ (7.80)</b>  | <b>\$ (2.70)</b> | <b>\$ (10.50)</b> | <b>\$ (0.27)</b> | <b>\$ (10.77)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.88)</b> | <b>\$ (4.05)</b> | <b>\$ 0.17</b>   |     | <b>\$ (40.17)</b> | <b>\$ (34.63)</b> | <b>\$ (5.55)</b> | <b>\$ (34.63)</b> | <b>\$ (5.72)</b> | <b>\$ (40.34)</b> | <b>\$ 0.17</b>   | <b>\$ (40.17)</b> |

## MTD Highlights

- Operations & Safety:** AKM non labor \$0.12 (G)
- Admin Services & HR:** Real Estate external spend (G) (\$0.04), Aviation external spend (\$0.04) (G)
- Executive:** Communications External spend (\$0.04) (G), CEO (\$0.04) non labor (G)
- Strategy, Risk & Comm Org and Other G&A:** IT depreciation offset by Other G&A (G), WAM (G) with NIPSCO \$0.49
- Indirect Expenses:** STI scorecard updates (\$0.2), medical benefits unfavorability (\$0.07M)

## Proposed PE Adjustment Highlights

*We exist to deliver safe, reliable energy that drives value to our customers*



# Columbia Gas of Kentucky – Monthly Summary

| Jan 2025                          | MTD Actuals  | MTD PE <sup>[1]</sup> | Variance    | YTD Actual   | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|--------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 21.78        | 19.58                 | 2.20        | 21.78        | 20.33                   | 1.45        | 142.20                      | 137.61                        | 4.60        |
| O&M                               | (4.51)       | (4.50)                | (0.01)      | (4.51)       | (4.52)                  | 0.01        | (55.02)                     | (54.31)                       | (0.71)      |
| Depreciation                      | (2.32)       | (2.33)                | 0.01        | (2.32)       | (2.33)                  | 0.01        | (29.03)                     | (29.02)                       | (0.01)      |
| Total Other Taxes                 | (0.88)       | (0.88)                | (0.01)      | (0.88)       | (0.88)                  | (0.01)      | (10.54)                     | (10.54)                       | 0.00        |
| Gain/(Loss) on Sale or Impairment | -            | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>14.06</b> | <b>11.87</b>          | <b>2.19</b> | <b>14.06</b> | <b>12.61</b>            | <b>1.46</b> | <b>47.62</b>                | <b>43.74</b>                  | <b>3.88</b> |
| Total Other Income (Deductions)   | (1.09)       | (1.13)                | 0.04        | (1.09)       | (1.12)                  | 0.03        | (13.45)                     | (13.57)                       | 0.12        |
| <b>Pre-Tax Earnings</b>           | <b>12.97</b> | <b>10.74</b>          | <b>2.23</b> | <b>12.97</b> | <b>11.49</b>            | <b>1.48</b> | <b>34.17</b>                | <b>30.17</b>                  | <b>4.00</b> |
| Income Taxes                      | (3.15)       | (2.59)                | (0.56)      | (3.15)       | (2.78)                  | (0.37)      | (7.46)                      | (6.46)                        | (1.00)      |
| Effective Tax Rate                | 24.3%        | 24.1%                 | 0.1%        | 24.3%        | 24.2%                   | 0.1%        | 21.8%                       | 21.4%                         | 0.4%        |
| <b>Net Operating Earning</b>      | <b>9.83</b>  | <b>8.15</b>           | <b>1.67</b> | <b>9.83</b>  | <b>8.71</b>             | <b>1.11</b> | <b>26.72</b>                | <b>23.71</b>                  | <b>3.01</b> |
| Earnings from Subs                | -            | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>9.83</b>  | <b>8.15</b>           | <b>1.67</b> | <b>9.83</b>  | <b>8.71</b>             | <b>1.11</b> | <b>26.72</b>                | <b>23.71</b>                  | <b>3.01</b> |

| Field Operations O&M | MTD Actuals   | MTD PE        | Variance      | YTD Actual    | YTD Plan      | Variance      | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.36)</b> | <b>(1.23)</b> | <b>(0.13)</b> | <b>(1.36)</b> | <b>(1.24)</b> | <b>(0.12)</b> | <b>(15.92)</b> | <b>(15.92)</b> | <b>0.00</b> |

| Capital                 | MTD Actuals | MTD PE <sup>[5]</sup> | Variance      | YTD Actual  | YTD Plan    | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|-------------|-------------|---------------|--------------|----------------|---------------|
| Growth                  | 0.97        | 1.18                  | (0.21)        | 0.97        | 1.18        | (0.21)        | 10.95        | 11.16          | (0.21)        |
| Tracker                 | 1.31        | 3.83                  | (2.52)        | 1.31        | 3.83        | (2.52)        | 41.79        | 44.31          | (2.52)        |
| Maint                   | 0.74        | 1.24                  | (0.50)        | 0.74        | 1.24        | (0.50)        | 16.49        | 14.68          | 1.81          |
| <b>Total OpCo CapEx</b> | <b>3.02</b> | <b>6.25</b>           | <b>(3.23)</b> | <b>3.02</b> | <b>6.25</b> | <b>(3.23)</b> | <b>69.24</b> | <b>70.15</b>   | <b>(0.92)</b> |
| Corporate Services      | 0.97        | 1.01                  | (0.04)        | 0.97        | 1.01        | (0.04)        | 9.84         | 7.11           | 2.74          |
| <b>Total Cap Ex</b>     | <b>3.99</b> | <b>7.26</b>           | <b>(3.27)</b> | <b>3.99</b> | <b>7.26</b> | <b>(3.27)</b> | <b>79.08</b> | <b>77.26</b>   | <b>1.82</b>   |

| Risks/Upsides   |
|-----------------|
| <b>Net</b> 1.95 |

| Proposed PE Adjustments |
|-------------------------|
| <b>Net</b> (0.33)       |

[1] MTD PE represents 0&12 PE

[2] YTD Plan represents 2025 AFP Final

[3] Full Year PE represents 1&11 PE

[4] Full Year Plan represents 2025 AFP Final

[5] MTD PE represents 2025 AFP Final. Forecast discrepancy due to Capital slides reflecting updated forecast.

## MTD Highlights

### Operating Earnings \$2.19M

- Net Revenue \$2.20M favorable (Base Margin & PBR)
- Indirects \$0.05M favorable
- Corporate Functions \$0.04M favorable
- Gas Presidents \$0.03M favorable
- Offset by Field Operations (\$0.13M) unfavorable

### Capital

- Total CKY Capital spend under YTD primarily driven an underrun in Direct Spend due to weather delays. FY Forecast in- line with authorized.

### Risks/Upsides \$1.95M

- Net Revenue \$2.00M upside due to difference in plan assumptions for proration of new rates: PBR higher than forecast
- Gas Operations (\$0.05M) risk due to ops overrun to work plan

### Proposed PE's (\$0.33M)

- Corporate Functions \$0.15M due to Ops & Safety SEGA labor adjustment \$0.28M and WAM expense and Cloud Amortization (\$0.13M)
- Indirects (\$0.47M) due to STIP (\$0.23M) scorecard update – operational excellence, LTIP (\$0.24M) performance updates since plan and year-end
- Depreciation Adjustments (\$0.01M) due to Amortization for Updated IT capital assumptions for allocation, in service, capital/deferred split (\$0.09M) and Mendix fully depreciated in 2024 \$0.08M

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Jan 2025                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | Plan PE          | Proposed PE Adj | Proposed PE      |
|---------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|------------------|----------------|------------------|-----------------|------------------|
| Residential               | \$ 13.88        | \$ 13.10        | \$ 0.78        | \$ 13.88        | \$ 12.30        | \$ 1.58        | \$ 80.06         | \$ 2.05        | \$ 82.11         | \$ -            | \$ 82.11         |
| Commercial                | 5.26            | 4.37            | 0.89           | 5.26            | 4.72            | 0.54           | 36.52            | 0.70           | 37.21            | -               | 37.21            |
| Industrial                | 0.85            | 0.79            | 0.05           | 0.85            | 0.85            | (0.00)         | 8.30             | 0.11           | 8.41             | -               | 8.41             |
| Rate Case Outcome         | -               | -               | -              | -               | -               | -              | -                | -              | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 19.99</b> | <b>\$ 18.27</b> | <b>\$ 1.72</b> | <b>\$ 19.99</b> | <b>\$ 17.88</b> | <b>\$ 2.11</b> | <b>\$ 124.87</b> | <b>\$ 2.86</b> | <b>\$ 127.73</b> | <b>\$ -</b>     | <b>\$ 127.73</b> |
| Capital Trackers          | 2.62            | 0.85            | 1.77           | 2.62            | 2.36            | 0.26           | 12.11            | 0.00           | 12.11            | -               | 12.11            |
| Supply & Optimization     | 0.77            | 0.37            | 0.40           | 0.77            | -               | 0.77           | -                | 1.75           | 1.75             | -               | 1.75             |
| Other Misc. Revenue       | (1.61)          | 0.09            | (1.70)         | (1.61)          | 0.09            | (1.70)         | 0.63             | (0.02)         | 0.61             | -               | 0.61             |
| <b>Net Revenue</b>        | <b>\$ 21.78</b> | <b>\$ 19.58</b> | <b>\$ 2.20</b> | <b>\$ 21.78</b> | <b>\$ 20.33</b> | <b>\$ 1.45</b> | <b>\$ 137.61</b> | <b>\$ 4.60</b> | <b>\$ 142.20</b> | <b>\$ -</b>     | <b>\$ 142.20</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 124,919 | 125,116 | (197) | 124,919 | 125,116 |
| Commercial     | 14,035  | 14,051  | (16)  | 14,035  | 14,051  |
| Industrial     | 111     | 113     | (2)   | 111     | 113     |

| Normalized Volumes |           |           |          |           |           |
|--------------------|-----------|-----------|----------|-----------|-----------|
| Residential        | 1,780,276 | 1,770,235 | 10,041   | 1,780,276 | 1,770,235 |
| Commercial         | 1,426,529 | 1,455,322 | (28,793) | 1,426,529 | 1,455,322 |
| Industrial         | 2,031,553 | 1,739,681 | 291,873  | 2,031,553 | 1,739,681 |

### MTD Highlights

- **Base Retail Margin \$1.72M:** Difference in plan assumptions for proration of new rates (Residential - \$0.7M, Commercial - \$1.0M) and higher usage than forecast (Residential & Industrial)
- **Capital Trackers \$1.77M:** SMRP geography offset in Other Misc. Revenue
- **Supply & Optimization \$0.40M:** PBR favorability above forecast
- **Other Misc. Revenue \$(1.70M):** Offset by SMRP in Capital Tracker Revenue

### Proposed PE Adjustment Highlights

# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Jan 2025                         | MTD Actual       | MTD PE           | MTD vs. PE     |     | YTD Actual       | YTD Plan         | YTD vs. Plan   | Full Year Plan    | YTD PE Adj       | Plan PE           | Proposed PE Adj  | Proposed PE       |
|----------------------------------|------------------|------------------|----------------|-----|------------------|------------------|----------------|-------------------|------------------|-------------------|------------------|-------------------|
| Operations and Safety            | \$ (0.70)        | \$ (0.57)        | \$ (0.13)      | [1] | \$ (0.70)        | \$ (0.59)        | \$ (0.11)      | \$ (7.21)         | \$ 0.06          | \$ (7.14)         | \$ 0.28          | \$ (6.86)         |
| President, Reg, Sust, & Cust     | (0.41)           | (0.40)           | (0.00)         |     | (0.41)           | (0.40)           | (0.01)         | (4.04)            | (0.09)           | (4.13)            | (0.00)           | (4.13)            |
| Admin Svcs and HR                | (0.17)           | (0.17)           | 0.00           |     | (0.17)           | (0.17)           | 0.00           | (1.75)            | (0.08)           | (1.83)            | (0.00)           | (1.83)            |
| Executive                        | (0.03)           | (0.02)           | (0.01)         |     | (0.03)           | (0.02)           | (0.02)         | (0.23)            | (0.04)           | (0.27)            | (0.01)           | (0.27)            |
| Finance                          | (0.08)           | (0.17)           | 0.10           | [2] | (0.08)           | (0.18)           | 0.10           | (2.18)            | (0.05)           | (2.23)            | 0.06             | (2.16)            |
| General Counsel                  | (0.04)           | (0.05)           | 0.01           |     | (0.04)           | (0.05)           | 0.01           | (0.82)            | 0.00             | (0.82)            | (0.01)           | (0.82)            |
| Strategy, Risk, and Comm Org     | (0.83)           | (0.81)           | (0.03)         | [3] | (0.83)           | (0.79)           | (0.04)         | (8.68)            | (0.16)           | (8.83)            | (0.04)           | (8.87)            |
| Other G&A                        | (0.10)           | (0.20)           | 0.10           | [4] | (0.10)           | (0.20)           | 0.10           | (2.44)            | (0.02)           | (2.47)            | (0.13)           | (2.60)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.36)</b> | <b>\$ (2.39)</b> | <b>\$ 0.04</b> |     | <b>\$ (2.36)</b> | <b>\$ (2.40)</b> | <b>\$ 0.04</b> | <b>\$ (27.35)</b> | <b>\$ (0.36)</b> | <b>\$ (27.71)</b> | <b>\$ 0.15</b>   | <b>\$ (27.55)</b> |
| Short-Term Incentive             | (0.17)           | (0.18)           | 0.01           |     | (0.17)           | (0.18)           | 0.01           | (2.18)            | (0.00)           | (2.18)            | (0.23)           | (2.41)            |
| Long-Term Incentive              | (0.13)           | (0.15)           | 0.01           |     | (0.13)           | (0.15)           | 0.01           | (1.94)            | (0.00)           | (1.94)            | (0.24)           | (2.19)            |
| Employee Benefits                | (0.34)           | (0.37)           | 0.03           |     | (0.34)           | (0.37)           | 0.03           | (4.62)            | (0.00)           | (4.62)            | 0.00             | (4.62)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.65)</b> | <b>\$ (0.70)</b> | <b>\$ 0.05</b> | [5] | <b>\$ (0.65)</b> | <b>\$ (0.70)</b> | <b>\$ 0.05</b> | <b>\$ (8.74)</b>  | <b>\$ (0.00)</b> | <b>\$ (8.74)</b>  | <b>\$ (0.48)</b> | <b>\$ (9.22)</b>  |
| <b>Total Corporate Functions</b> | <b>\$ (3.00)</b> | <b>\$ (3.09)</b> | <b>\$ 0.09</b> |     | <b>\$ (3.00)</b> | <b>\$ (3.09)</b> | <b>\$ 0.09</b> | <b>\$ (36.09)</b> | <b>\$ (0.36)</b> | <b>\$ (36.44)</b> | <b>\$ (0.32)</b> | <b>\$ (36.77)</b> |

## MTD Highlights

- Operations & Safety:** Driven by plan layer timing (\$0.13) (T)
- Finance:** Invoice timing \$0.10
- Strategy, Risk and Comm Org:** Depreciation geography (\$0.1) (G) offset primarily by IT spend timing \$0.07
- Other G&A:** Depreciation geography \$0.1
- Indirect Expenses:** Driven mainly by employee benefit timing

## Proposed PE Adjustment Highlights

- Operations and Safety** – Driven by the SEGA labor adjustment
- Other G&A** – WAM expense and Cloud Amortization
- STI** – Scorecard update – operational excellence
- LTIP** – performance updates since plan and year-end

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.



# Columbia Gas of Kentucky – Monthly Summary

| Feb 2025                          | MTD Actual   | MTD PE <sup>[1]</sup> | Variance    | Feb YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|--------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 18.50        | 18.16                 | 0.33        | 40.27        | 38.91                   | 1.36        | 142.74                      | 137.61                        | 5.14        |
| O&M                               | (4.74)       | (4.71)                | (0.03)      | (9.26)       | (9.12)                  | (0.13)      | (55.33)                     | (54.31)                       | (1.02)      |
| Depreciation                      | (2.28)       | (2.33)                | 0.06        | (4.59)       | (4.66)                  | 0.07        | (29.03)                     | (29.02)                       | (0.01)      |
| Total Other Taxes                 | (0.85)       | (0.88)                | 0.02        | (1.73)       | (1.75)                  | 0.02        | (10.54)                     | (10.54)                       | 0.00        |
| Gain/(Loss) on Sale or Impairment | -            | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>10.63</b> | <b>10.24</b>          | <b>0.38</b> | <b>24.69</b> | <b>23.37</b>            | <b>1.32</b> | <b>47.85</b>                | <b>43.74</b>                  | <b>4.11</b> |
| Total Other Income (Deductions)   | (0.93)       | (1.02)                | 0.09        | (2.02)       | (2.15)                  | 0.13        | (13.35)                     | (13.57)                       | 0.22        |
| <b>Pre-Tax Earnings</b>           | <b>9.70</b>  | <b>9.22</b>           | <b>0.48</b> | <b>22.67</b> | <b>21.22</b>            | <b>1.45</b> | <b>34.50</b>                | <b>30.17</b>                  | <b>4.33</b> |
| Income Taxes                      | (2.33)       | (2.21)                | (0.12)      | (5.48)       | (5.12)                  | (0.36)      | (7.53)                      | (6.46)                        | (1.07)      |
| Effective Tax Rate                | 24.0%        | 24.0%                 | 0.0%        | 24.2%        | 24.1%                   | 0.0%        | 21.8%                       | 21.4%                         | 0.4%        |
| <b>Net Operating Earning</b>      | <b>7.37</b>  | <b>7.01</b>           | <b>0.36</b> | <b>17.20</b> | <b>16.10</b>            | <b>1.10</b> | <b>26.97</b>                | <b>23.71</b>                  | <b>3.25</b> |
| Earnings from Subs                | -            | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>7.37</b>  | <b>7.01</b>           | <b>0.36</b> | <b>17.20</b> | <b>16.10</b>            | <b>1.10</b> | <b>26.97</b>                | <b>23.71</b>                  | <b>3.25</b> |

| Field Operations O&M | MTD Actual    | MTD PE        | Variance    | Feb YTD       | YTD Plan      | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.13)</b> | <b>(1.27)</b> | <b>0.15</b> | <b>(2.49)</b> | <b>(2.52)</b> | <b>0.04</b> | <b>(15.92)</b> | <b>(15.92)</b> | <b>0.00</b> |

| Capital                 | MTD Actual  | MTD PE <sup>[5]</sup> | Variance    | Feb YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|-------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>5.36</b> | <b>5.32</b>           | <b>0.04</b> | <b>8.38</b>  | <b>11.55</b> | <b>(3.17)</b> | <b>69.24</b> | <b>70.15</b>   | <b>(0.92)</b> |
| Corporate Services      | 1.17        | 1.05                  | 0.12        | 2.14         | 1.90         | 0.24          | 9.76         | 7.11           | 2.65          |
| <b>Total Cap Ex</b>     | <b>6.53</b> | <b>6.37</b>           | <b>0.16</b> | <b>10.52</b> | <b>13.44</b> | <b>(2.93)</b> | <b>78.99</b> | <b>77.26</b>   | <b>1.74</b>   |

| Risks/Upsides |             |
|---------------|-------------|
| <b>Net</b>    | <b>2.87</b> |

| Curret Month PE Adjustments |             |
|-----------------------------|-------------|
| <b>Net</b>                  | <b>0.60</b> |

- [1] MTD PE represents 1&11 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 2&10 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.38M

- Net Revenue \$0.33M favorable (Base Margin & PBR)
- Field Operations \$0.15M favorable
- Indirect Expenses (\$0.11M) unfavorable
- Corporate Functions (\$0.07M) unfavorable

### Capital

- Total CKY Capital spend in-line with YTD. FY Forecast in- line with authorized.

### Risks/Upsides \$2.87M

- Net Revenue \$2.60M upside due to difference in plan assumptions for proration of new rates: PBR higher than forecast
- Gas Operations \$0.27M upside due to ops underrun to Work Plan

### Current Month PE's \$0.60M

- Net Revenue \$0.54M due to SMRP increase for depreciation rates and higher property tax
- Gas President's Labor Transfer Geography \$0.11M
- Corporate Functions Labor Transfer Geography (\$0.11M)
- Indirect Expenses LTIP/STIP Updates \$0.06M

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Feb 2025                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 1&11 PE          | Current Month PE's | Proposed PE      | Risks & Upsides | YE Forecast      |
|---------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|-----------------|------------------|
| Residential               | \$ 11.77        | \$ 11.76        | \$ 0.01        | \$ 25.80        | \$ 23.59        | \$ 2.21        | \$ 80.06         | \$ 2.81        | \$ 82.87         | \$ -               | \$ 82.87         | \$ 1.00         | \$ 83.87         |
| Commercial                | 4.35            | 4.29            | 0.06           | 9.54            | 9.13            | 0.41           | 36.52            | 1.59           | 38.10            | -                  | 38.10            | 0.90            | 39.00            |
| Industrial                | 0.90            | 0.79            | 0.11           | 1.66            | 1.66            | 0.00           | 8.30             | 0.16           | 8.47             | -                  | 8.47             | 0.10            | 8.57             |
| Rate Case Outcome         | -               | -               | -              | -               | -               | -              | -                | -              | -                | -                  | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 17.02</b> | <b>\$ 16.84</b> | <b>\$ 0.18</b> | <b>\$ 37.01</b> | <b>\$ 34.38</b> | <b>\$ 2.63</b> | <b>\$ 124.87</b> | <b>\$ 4.57</b> | <b>\$ 129.44</b> | <b>\$ -</b>        | <b>\$ 129.44</b> | <b>\$ 2.00</b>  | <b>\$ 131.44</b> |
| Capital Trackers          | 2.43            | 0.87            | 1.57           | 5.06            | 4.34            | 0.71           | 12.11            | 1.77           | 13.88            | 0.54               | 14.42            | -               | 14.42            |
| Supply & Optimization     | 0.54            | 0.37            | 0.17           | 1.31            | -               | 1.31           | -                | 2.15           | 2.15             | -                  | 2.15             | 0.60            | 2.75             |
| Other Misc. Revenue       | (1.49)          | 0.09            | (1.58)         | (3.10)          | 0.18            | (3.28)         | 0.63             | (3.90)         | (3.27)           | -                  | (3.27)           | -               | (3.27)           |
| <b>Net Revenue</b>        | <b>\$ 18.50</b> | <b>\$ 18.16</b> | <b>\$ 0.33</b> | <b>\$ 40.27</b> | <b>\$ 38.91</b> | <b>\$ 1.36</b> | <b>\$ 137.61</b> | <b>\$ 4.60</b> | <b>\$ 142.20</b> | <b>\$ 0.54</b>     | <b>\$ 142.74</b> | <b>\$ 2.60</b>  | <b>\$ 145.34</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 125,115 | 125,303 | (188) | 250,034 | 250,420 |
| Commercial     | 14,063  | 14,082  | (19)  | 28,098  | 28,133  |
| Industrial     | 112     | 112     | -     | 223     | 225     |

| Normalized Volumes |           |           |          |           |           |
|--------------------|-----------|-----------|----------|-----------|-----------|
| Residential        | 1,460,364 | 1,486,717 | (26,352) | 3,240,641 | 3,256,952 |
| Commercial         | 1,159,429 | 1,178,622 | (19,193) | 2,585,958 | 2,633,944 |
| Industrial         | 1,696,769 | 1,548,342 | 148,427  | 3,728,322 | 3,288,022 |

### MTD Highlights

- **Base Retail Margin \$0.18M:** Industrial usage slightly above forecast
- **Capital Trackers \$1.57M:** SMRP geography offset in Other Misc. Revenue
- **Supply & Optimization \$0.17M:** PBR favorability above forecast
- **Other Misc. Revenue (\$1.58M):** Offset by SMRP in Capital Tracker Revenue

### Current Month PE Adjustment Highlights

- **Capital Trackers \$0.54M:** 2024 SMRP BA \$0.03M and 2025 SMRP \$0.50M increase due to updated depreciation and property tax rates from rate case

### Risks & Upsides

- **Base Retail Margin \$2.0M:** Primarily driven by new rates implementation (difference in plan assumptions for proration of new rates)
- **Supply & Optimization \$0.6M** PBR above forecast

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Feb 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual       | YTD Plan         | YTD vs. Plan     |  | Full Year Plan    | YTD PE Adj       | 1&11 PE           | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|------------------|------------------|------------------|--|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.68)        | \$ (0.62)        | \$ (0.05)        | [1] | \$ (1.37)        | \$ (1.20)        | \$ (0.18)        |  | \$ (7.21)         | \$ 0.34          | \$ (6.86)         | \$ (0.00)          | \$ (6.87)         |
| President, Reg, Sust, & Cust     | (0.36)           | (0.44)           | 0.08             | [2] | (0.77)           | (0.76)           | (0.01)           |  | (4.04)            | (0.09)           | (4.13)            | 0.02               | (4.11)            |
| Admin Svcs and HR                | (0.16)           | (0.17)           | 0.01             |     | (0.32)           | (0.33)           | 0.01             |  | (1.75)            | (0.08)           | (1.83)            | (0.01)             | (1.84)            |
| Executive                        | (0.03)           | (0.02)           | (0.01)           |     | (0.07)           | (0.04)           | (0.03)           |  | (0.23)            | (0.04)           | (0.27)            | (0.00)             | (0.28)            |
| Finance                          | (0.15)           | (0.21)           | 0.06             | [3] | (0.23)           | (0.35)           | 0.12             |  | (2.18)            | 0.02             | (2.16)            | (0.01)             | (2.17)            |
| General Counsel                  | (0.05)           | (0.07)           | 0.02             |     | (0.09)           | (0.12)           | 0.03             |  | (0.82)            | (0.01)           | (0.82)            | (0.01)             | (0.83)            |
| Strategy, Risk, and Comm Org     | (0.75)           | (0.66)           | (0.09)           | [4] | (1.48)           | (1.52)           | 0.04             |  | (8.68)            | (0.20)           | (8.87)            | (0.03)             | (8.91)            |
| Other G&A                        | (0.29)           | (0.21)           | (0.08)           | [5] | (0.49)           | (0.40)           | (0.10)           |  | (2.44)            | (0.15)           | (2.60)            | 0.01               | (2.59)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.47)</b> | <b>\$ (2.40)</b> | <b>\$ (0.07)</b> |     | <b>\$ (4.83)</b> | <b>\$ (4.71)</b> | <b>\$ (0.12)</b> |  | <b>\$ (27.35)</b> | <b>\$ (0.20)</b> | <b>\$ (27.55)</b> | <b>\$ (0.04)</b>   | <b>\$ (27.60)</b> |
| Short-Term Incentive             | (0.12)           | (0.18)           | 0.06             |     | (0.29)           | (0.35)           | 0.06             |  | (2.18)            | (0.23)           | (2.41)            | 0.05               | (2.36)            |
| Long-Term Incentive              | (0.18)           | (0.20)           | 0.01             |     | (0.31)           | (0.33)           | 0.01             |  | (1.94)            | (0.24)           | (2.19)            | 0.01               | (2.18)            |
| Employee Benefits                | (0.66)           | (0.47)           | (0.19)           |     | (1.00)           | (0.84)           | (0.16)           |  | (4.62)            | 0.00             | (4.62)            | (0.02)             | (4.64)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.96)</b> | <b>\$ (0.85)</b> | <b>\$ (0.11)</b> | [6] | <b>\$ (1.61)</b> | <b>\$ (1.52)</b> | <b>\$ (0.08)</b> |  | <b>\$ (8.74)</b>  | <b>\$ (0.48)</b> | <b>\$ (9.22)</b>  | <b>\$ 0.04</b>     | <b>\$ (9.18)</b>  |
| <b>Total Corporate Functions</b> | <b>\$ (3.43)</b> | <b>\$ (3.25)</b> | <b>\$ (0.18)</b> |     | <b>\$ (6.43)</b> | <b>\$ (6.23)</b> | <b>\$ (0.20)</b> |  | <b>\$ (36.09)</b> | <b>\$ (0.68)</b> | <b>\$ (36.77)</b> | <b>\$ (0.01)</b>   | <b>\$ (36.77)</b> |

### MTD Highlights

- Operations & Safety:** Driven by Fleet costs being higher than planned for the month
- Pres., Reg, Sust, Cust:** Monthly uncollectible favorability \$0.06 along with other small timing items
- Finance:** Kroll Actuary invoice timing \$0.06
- Strategy, Risk and Comm Org:** Software timing (\$0.04) (T) and Project timing (\$0.05)
- Other G&A:** Vacation labor accrual
- Indirect Expenses:** Medical expense timing partially offset by an STI true-up where the accrual was slightly over the 2024 actual payment amount

### Current Month PE Adjustment Highlights

- Indirects:** STI primarily related to the payout true-up, LTIP performance update and medical update

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.



# Columbia Gas of Kentucky – Monthly Summary

| Mar 2025                          | Mar         | MTD PE <sup>[1]</sup> | Variance    | Mar YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|-------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 15.55       | 15.22                 | 0.33        | 55.82        | 53.94                   | 1.88        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (5.14)      | (4.95)                | (0.19)      | (14.40)      | (13.99)                 | (0.41)      | (55.99)                     | (54.31)                       | (1.69)      |
| Depreciation                      | (2.30)      | (2.36)                | 0.06        | (6.89)       | (7.01)                  | 0.12        | (29.03)                     | (29.02)                       | (0.01)      |
| Total Other Taxes                 | (0.87)      | (0.88)                | 0.01        | (2.60)       | (2.63)                  | 0.03        | (10.54)                     | (10.54)                       | 0.00        |
| Gain/(Loss) on Sale or Impairment | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>7.24</b> | <b>7.03</b>           | <b>0.21</b> | <b>31.93</b> | <b>30.31</b>            | <b>1.63</b> | <b>48.79</b>                | <b>43.74</b>                  | <b>5.05</b> |
| Total Other Income (Deductions)   | (1.02)      | (1.04)                | 0.02        | (3.04)       | (3.28)                  | 0.25        | (12.65)                     | (13.57)                       | 0.92        |
| <b>Pre-Tax Earnings</b>           | <b>6.22</b> | <b>5.99</b>           | <b>0.23</b> | <b>28.90</b> | <b>27.02</b>            | <b>1.87</b> | <b>36.14</b>                | <b>30.17</b>                  | <b>5.97</b> |
| Income Taxes                      | (1.46)      | (1.41)                | (0.05)      | (6.94)       | (6.48)                  | (0.46)      | (7.79)                      | (6.46)                        | (1.33)      |
| Effective Tax Rate                | 23.5%       | 23.5%                 | 0.0%        | 24.0%        | 24.0%                   | 0.0%        | 21.5%                       | 21.4%                         | 0.1%        |
| <b>Net Operating Earning</b>      | <b>4.76</b> | <b>4.58</b>           | <b>0.18</b> | <b>21.96</b> | <b>20.54</b>            | <b>1.42</b> | <b>28.35</b>                | <b>23.71</b>                  | <b>4.64</b> |
| Earnings from Subs                | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>4.76</b> | <b>4.58</b>           | <b>0.18</b> | <b>21.96</b> | <b>20.54</b>            | <b>1.42</b> | <b>28.35</b>                | <b>23.71</b>                  | <b>4.64</b> |

| Field Operations O&M | Mar           | MTD PE        | Variance    | Mar YTD       | YTD Plan      | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.33)</b> | <b>(1.59)</b> | <b>0.26</b> | <b>(3.81)</b> | <b>(4.15)</b> | <b>0.33</b> | <b>(15.80)</b> | <b>(15.92)</b> | <b>0.12</b> |

| Capital                 | Mar         | MTD PE <sup>[5]</sup> | Variance    | Mar YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|-------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>6.68</b> | <b>6.02</b>           | <b>0.66</b> | <b>15.06</b> | <b>17.46</b> | <b>(2.40)</b> | <b>69.24</b> | <b>70.15</b>   | <b>(0.92)</b> |
| Corporate Services      | 0.69        | 0.75                  | (0.06)      | 2.83         | 2.62         | 0.21          | 9.63         | 7.11           | 2.53          |
| <b>Total Cap Ex</b>     | <b>7.37</b> | <b>6.77</b>           | <b>0.60</b> | <b>17.89</b> | <b>20.08</b> | <b>(2.19)</b> | <b>78.87</b> | <b>77.26</b>   | <b>1.61</b>   |

| Risks/Upsides |             |
|---------------|-------------|
| <b>Net</b>    | <b>1.70</b> |

| Curret Month PE Adjustments |             |
|-----------------------------|-------------|
| <b>Net</b>                  | <b>2.90</b> |

[1] MTD PE represents 2&10 PE

[2] YTD Plan represents 2025 AFP Final

[3] Full Year PE represents 3&9 PE

[4] Full Year Plan represents 2025 AFP Final

[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.21M

- Net Revenue \$0.33M favorable (Base Margin & PBR)
- Field Operations \$0.26M favorable
- Corporate Functions (\$0.38M) unfavorable
- Indirect Expenses (\$0.07M) unfavorable

### Capital

- Total CKY Capital Spend over YTD by \$0.7M, primarily driven by unit catchup work complete from previous month (T). FY Forecast directs over authorized by \$0.8M driven primarily due to support services reforecast.

### Risks/Upsides \$1.70M

- Net Revenue \$1.20M upside due to difference in plan assumptions for new rates: PBR higher than forecast
- Gas Operations \$0.40M upside due to ops underrun to Work Plan
- Corporate Functions \$0.10M upside due to Uncollectibles

### Current Month PE's \$2.90M

- Net Revenue \$1.6M due to difference in plan assumptions for new rates
- Field Operations \$0.12M Damage Prevention Target Adjustment
- Gas President's Labor Cleanup Geography \$0.00M
- Corporate Functions (\$0.62M) Contingency Fee for 2023 Real vs Tangible Classification, allocation adjustments
- Total Other Taxes \$1.80M 2023 Property Tax Assessment & Real vs Tangible Classification

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Mar 2025                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 2&10 PE          | Current Month PE's | Proposed PE      | Risks & Upsides | YE Forecast      |
|---------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|-----------------|------------------|
| Residential               | \$ 9.21         | \$ 9.19         | \$ 0.02        | \$ 35.01        | \$ 32.49        | \$ 2.53        | \$ 80.06         | \$ 2.98        | \$ 83.03         | \$ -               | \$ 83.03         | \$ -            | \$ 83.03         |
| Commercial                | 3.90            | 3.78            | 0.12           | 13.45           | 12.93           | 0.52           | 36.52            | 1.58           | 38.10            | -                  | 38.10            | -               | 38.10            |
| Industrial                | 0.88            | 0.77            | 0.11           | 2.54            | 2.43            | 0.11           | 8.30             | 0.18           | 8.49             | -                  | 8.49             | -               | 8.49             |
| Rate Case Outcome         | -               | -               | -              | -               | -               | -              | -                | -              | -                | -                  | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 13.99</b> | <b>\$ 13.74</b> | <b>\$ 0.26</b> | <b>\$ 51.00</b> | <b>\$ 47.85</b> | <b>\$ 3.15</b> | <b>\$ 124.87</b> | <b>\$ 4.74</b> | <b>\$ 129.62</b> | <b>\$ -</b>        | <b>\$ 129.62</b> | <b>\$ -</b>     | <b>\$ 129.62</b> |
| Capital Trackers          | 1.84            | 1.04            | 0.80           | 6.90            | 5.83            | 1.06           | 12.11            | 3.88           | 15.99            | -                  | 15.99            | -               | 15.99            |
| Supply & Optimization     | 0.46            | 0.37            | 0.09           | 1.76            | -               | 1.76           | -                | 2.32           | 2.32             | -                  | 2.32             | -               | 2.32             |
| Other Misc. Revenue       | (0.74)          | 0.08            | (0.82)         | (3.83)          | 0.26            | (4.10)         | 0.63             | (5.81)         | (5.18)           | 1.60               | (3.58)           | 1.20            | (2.38)           |
| <b>Net Revenue</b>        | <b>\$ 15.55</b> | <b>\$ 15.22</b> | <b>\$ 0.33</b> | <b>\$ 55.82</b> | <b>\$ 53.94</b> | <b>\$ 1.88</b> | <b>\$ 137.61</b> | <b>\$ 5.14</b> | <b>\$ 142.74</b> | <b>\$ 1.60</b>     | <b>\$ 144.34</b> | <b>\$ 1.20</b>  | <b>\$ 145.54</b> |

| Customer Count |         |         |       |         |         |       |
|----------------|---------|---------|-------|---------|---------|-------|
| Residential    | 125,027 | 125,186 | (159) | 375,061 | 375,606 | (545) |
| Commercial     | 14,039  | 14,060  | (21)  | 42,137  | 42,193  | (56)  |
| Industrial     | 111     | 112     | (1)   | 334     | 337     | (3)   |

| Normalized Volumes |           |           |          |           |           |          |
|--------------------|-----------|-----------|----------|-----------|-----------|----------|
| Residential        | 1,054,225 | 1,064,659 | (10,434) | 4,294,866 | 4,321,611 | (26,745) |
| Commercial         | 1,007,897 | 1,007,699 | 198      | 3,593,855 | 3,641,642 | (47,788) |
| Industrial         | 1,741,554 | 1,505,354 | 236,200  | 5,469,876 | 4,793,377 | 676,500  |

### MTD Highlights

- **Base Retail Margin \$0.26M:** Industrial usage slightly above forecast
- **Capital Trackers \$0.8M:** SMRP geography offset in Other Misc. Revenue
- **Supply & Optimization \$0.09M:** PBR favorability above forecast
- **Other Misc. Revenue (\$0.82M):** Offset by SMRP in Capital Tracker Revenue

### Current Month PE Adjustment Highlights

- **Other Misc. Revenue \$1.6M:** Primarily driven by new rates implementation (difference in plan assumptions for proration of new rates)

### Risks & Upsides

- **Base Retail Margin \$0.5M:** Remainder of YTD upside due to Jan new rates implementation
- **Supply & Optimization \$0.7M:** PBR above forecast



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Mar 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual       | YTD Plan         | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 2&10 PE           | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|------------------|------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.71)        | \$ (0.62)        | \$ (0.09)        | [1] | \$ (2.08)        | \$ (1.82)        | \$ (0.25)        | \$ (7.21)         | \$ 0.28          | \$ (6.92)         | \$ (0.13)          | \$ (7.06)         |
| Pres, Reg, Sust & Supply Chain   | 0.22             | 0.19             | 0.02             |     | 0.55             | 0.57             | (0.01)           | 2.30              | (0.08)           | 2.22              | -                  | 2.22              |
| Admin Svcs and HR                | (0.21)           | (0.15)           | (0.06)           | [2] | (0.53)           | (0.48)           | (0.05)           | (1.75)            | (0.09)           | (1.84)            | (0.02)             | (1.86)            |
| Executive                        | (0.02)           | (0.02)           | (0.00)           |     | (0.09)           | (0.06)           | (0.03)           | (0.23)            | (0.05)           | (0.28)            | 0.01               | (0.27)            |
| Finance                          | (0.28)           | (0.27)           | (0.01)           |     | (0.79)           | (0.99)           | 0.20             | (4.05)            | 0.12             | (3.93)            | (0.34)             | (4.28)            |
| General Counsel                  | (0.06)           | (0.10)           | 0.04             | [3] | (0.15)           | (0.20)           | 0.05             | (0.82)            | (0.01)           | (0.83)            | 0.05               | (0.78)            |
| Technology, Customer & Comm      | (0.91)           | (0.89)           | (0.02)           |     | (2.57)           | (2.49)           | (0.08)           | (9.36)            | (0.46)           | (9.82)            | (0.08)             | (9.90)            |
| Other G&A                        | (0.47)           | (0.21)           | (0.26)           | [4] | (0.97)           | (0.59)           | (0.37)           | (2.44)            | (0.15)           | (2.59)            | 0.08               | (2.51)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.45)</b> | <b>\$ (2.07)</b> | <b>\$ (0.38)</b> |     | <b>\$ (6.62)</b> | <b>\$ (6.06)</b> | <b>\$ (0.56)</b> | <b>\$ (23.57)</b> | <b>\$ (0.43)</b> | <b>\$ (24.00)</b> | <b>\$ (0.43)</b>   | <b>\$ (24.43)</b> |
| Short-Term Incentive             | (0.21)           | (0.18)           | (0.03)           |     | (0.50)           | (0.54)           | 0.04             | (2.18)            | (0.18)           | (2.36)            | (0.04)             | (2.40)            |
| Long-Term Incentive              | (0.19)           | (0.24)           | 0.05             |     | (0.51)           | (0.49)           | (0.01)           | (1.94)            | (0.23)           | (2.18)            | 0.02               | (2.16)            |
| Employee Benefits                | (0.38)           | (0.28)           | (0.09)           |     | (1.38)           | (1.14)           | (0.24)           | (4.62)            | (0.02)           | (4.64)            | (0.11)             | (4.75)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.78)</b> | <b>\$ (0.71)</b> | <b>\$ (0.07)</b> | [5] | <b>\$ (2.38)</b> | <b>\$ (2.17)</b> | <b>\$ (0.21)</b> | <b>\$ (8.74)</b>  | <b>\$ (0.44)</b> | <b>\$ (9.18)</b>  | <b>\$ (0.13)</b>   | <b>\$ (9.30)</b>  |
| <b>Total Corporate Functions</b> | <b>\$ (3.22)</b> | <b>\$ (2.78)</b> | <b>\$ (0.44)</b> |     | <b>\$ (9.00)</b> | <b>\$ (8.23)</b> | <b>\$ (0.77)</b> | <b>\$ (32.30)</b> | <b>\$ (0.87)</b> | <b>\$ (33.17)</b> | <b>\$ (0.56)</b>   | <b>\$ (33.73)</b> |

## MTD Highlights

- Operations & Safety:** Driven by Fleet and ARM timing
- Admin Svcs and HR:** Driven mostly by Real Estate utilities and lawn and ground maintenance
- General Counsel:** Favorability driven by reduced monthly allocation to CKY
- Other G&A:** Vacation labor accrual and prior year true-up (\$0.25)
- Indirect Expenses:** Primarily driven by Employee Benefits

## Current Month PE Adjustment Highlights

- Operations and Safety:** Layer allocation adjustments within Ops and Safety (\$0.05), Copper Leaf amortization \$0.016 (G), Labor adjustments (\$0.06)
  - Finance:** Contingency Fee for 2023 Real vs Tangible Classification (\$0.40M)
  - Technology Customer & Comm:** Geography with G&A (\$0.09)
  - Other G&A:** Tower Lease Terminations (G) with P&S \$0.053, WAM expense geography with IT \$0.033, tower lease utilities trending \$0.008 Cloud Amortization Copperleaf adj (G) with corp O&M (\$0.016)
  - Indirects:** STI allocations impacted by journals, will correct in April and updates to reflect YTD actuals
- Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| Apr 2025                          | Apr         | MTD PE <sup>[1]</sup> | Variance      | Apr YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|-------------|-----------------------|---------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 10.82       | 10.57                 | 0.25          | 66.64        | 64.09                   | 2.55        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (4.69)      | (4.92)                | 0.23          | (19.09)      | (18.64)                 | (0.45)      | (56.09)                     | (54.31)                       | (1.79)      |
| Depreciation                      | (2.29)      | (2.37)                | 0.08          | (9.18)       | (9.39)                  | 0.21        | (29.03)                     | (29.02)                       | (0.01)      |
| Total Other Taxes                 | (0.87)      | 0.92                  | (1.79)        | (3.47)       | (3.51)                  | 0.04        | (8.74)                      | (10.54)                       | 1.80        |
| Gain/(Loss) on Sale or Impairment | -           | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>2.97</b> | <b>4.20</b>           | <b>(1.23)</b> | <b>34.90</b> | <b>32.55</b>            | <b>2.36</b> | <b>50.49</b>                | <b>43.74</b>                  | <b>6.75</b> |
| Total Other Income (Deductions)   | (0.86)      | (0.97)                | 0.10          | (3.90)       | (4.32)                  | 0.42        | (12.83)                     | (13.57)                       | 0.74        |
| <b>Pre-Tax Earnings</b>           | <b>2.11</b> | <b>3.23</b>           | <b>(1.13)</b> | <b>31.00</b> | <b>28.22</b>            | <b>2.78</b> | <b>37.66</b>                | <b>30.17</b>                  | <b>7.49</b> |
| Income Taxes                      | (0.44)      | (0.72)                | 0.27          | (7.38)       | (6.69)                  | (0.69)      | (7.55)                      | (6.46)                        | (1.09)      |
| Effective Tax Rate                | 21.1%       | 22.1%                 | -1.0%         | 23.8%        | 23.7%                   | 0.1%        | 20.0%                       | 21.4%                         | -1.4%       |
| <b>Net Operating Earning</b>      | <b>1.66</b> | <b>2.52</b>           | <b>(0.86)</b> | <b>23.62</b> | <b>21.53</b>            | <b>2.09</b> | <b>30.11</b>                | <b>23.71</b>                  | <b>6.40</b> |
| Earnings from Subs                | -           | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>1.66</b> | <b>2.52</b>           | <b>(0.86)</b> | <b>23.62</b> | <b>21.53</b>            | <b>2.09</b> | <b>30.11</b>                | <b>23.71</b>                  | <b>6.40</b> |

| Field Operations O&M | Apr           | MTD PE        | Variance    | Apr YTD       | YTD Plan      | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.39)</b> | <b>(1.49)</b> | <b>0.10</b> | <b>(5.20)</b> | <b>(5.61)</b> | <b>0.41</b> | <b>(15.80)</b> | <b>(15.92)</b> | <b>0.12</b> |

| Capital                 | Apr         | MTD PE <sup>[5]</sup> | Variance      | Apr YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>5.82</b> | <b>6.62</b>           | <b>(0.80)</b> | <b>20.88</b> | <b>23.71</b> | <b>(2.83)</b> | <b>69.24</b> | <b>70.15</b>   | <b>(0.92)</b> |
| Corporate Services      | 0.65        | 0.59                  | 0.06          | 3.48         | 3.20         | 0.28          | 9.73         | 7.11           | 2.62          |
| <b>Total Cap Ex</b>     | <b>6.47</b> | <b>7.21</b>           | <b>(0.74)</b> | <b>24.36</b> | <b>26.91</b> | <b>(2.55)</b> | <b>78.96</b> | <b>77.26</b>   | <b>1.70</b>   |

| Curret Month PE Adjustments |
|-----------------------------|
| <b>Net</b> (0.32)           |

| Risks/Upsides   |
|-----------------|
| <b>Net</b> 1.40 |

| ROE                          |
|------------------------------|
| <b>2025 3&amp;9 PE</b> 9.15% |

- [1] MTD PE represents 3&9 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 4&8 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings (\$1.23M)

- Total Other Taxes (\$1.79M) unfavorable (timing to correct in May Actuals)
- Net Revenue \$0.25M favorable (Base Margin & PBR)
- Field Operations \$0.10M favorable
- Indirect Expenses \$0.05M favorable
- Corporate Functions \$0.10M favorable

### Capital

- Total CKY Capital Spend under YTD by (\$0.8M), primarily driven by delay in units and lag in restoration (T). FY Forecast directs over authorized by \$0.5M driven primarily due to support services reforecast.

### Risks/Upsides \$1.40M

- Net Revenue \$0.84M net upside due to difference in plan assumptions for new rates and PBR higher than forecast, partially offset by SMRP In-Service projected to be behind planned in-service curve
- Gas Operations \$0.26M upside due to ops underrun to Work Plan
- Corporate Functions \$0.10M upside due to Uncollectibles
- Depreciation \$0.20M due to favorability from timing of in-service

### Current Month PE's (\$0.32M)

- Corporate Functions (\$0.32M) due to WAM expense Geography (\$0.03M), STI Allocations and Employee Benefits update (\$0.17M), and Other allocation related PE adjustments (\$0.12M)

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Apr 2025                  | MTD Actual      | MTD PE          | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 3&9 PE           | Current Month PE's | Proposed PE      | Risks & Upsides | YE Forecast      |
|---------------------------|-----------------|-----------------|------------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|-----------------|------------------|
| Residential               | \$ 5.77         | \$ 5.82         | \$ (0.04)        | \$ 40.78        | \$ 38.23        | \$ 2.55        | \$ 80.06         | \$ 3.00        | \$ 83.05         | \$ -               | \$ 83.05         | \$ -            | \$ 83.05         |
| Commercial                | 2.83            | 2.95            | (0.12)           | 16.27           | 15.76           | 0.51           | 36.52            | 1.71           | 38.22            | -                  | 38.22            | -               | 38.22            |
| Industrial                | 0.81            | 0.72            | 0.09             | 3.35            | 3.14            | 0.21           | 8.30             | 0.30           | 8.60             | -                  | 8.60             | -               | 8.60             |
| Rate Case Outcome         | -               | -               | -                | -               | -               | -              | -                | -              | -                | -                  | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 9.40</b>  | <b>\$ 9.48</b>  | <b>\$ (0.08)</b> | <b>\$ 60.40</b> | <b>\$ 57.13</b> | <b>\$ 3.28</b> | <b>\$ 124.87</b> | <b>\$ 5.00</b> | <b>\$ 129.87</b> | <b>\$ -</b>        | <b>\$ 129.87</b> | <b>\$ -</b>     | <b>\$ 129.87</b> |
| Capital Trackers          | 0.84            | 0.96            | (0.12)           | 7.74            | 6.64            | 1.10           | 12.11            | 4.68           | 16.79            | -                  | 16.79            | (0.20)          | 16.59            |
| Supply & Optimization     | 0.49            | 0.07            | 0.42             | 2.26            | -               | 2.26           | -                | 2.41           | 2.41             | -                  | 2.41             | -               | 2.41             |
| Other Misc. Revenue       | 0.08            | 0.06            | 0.02             | (3.76)          | 0.32            | (4.08)         | 0.63             | (5.35)         | (4.73)           | -                  | (4.73)           | 1.04            | (3.69)           |
| <b>Net Revenue</b>        | <b>\$ 10.82</b> | <b>\$ 10.57</b> | <b>\$ 0.25</b>   | <b>\$ 66.64</b> | <b>\$ 64.09</b> | <b>\$ 2.55</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ 0.84</b>  | <b>\$ 145.19</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 124,664 | 124,781 | (117) | 499,725 | 500,387 |
| Commercial     | 13,955  | 13,986  | (31)  | 56,092  | 56,179  |
| Industrial     | 114     | 113     | 1     | 448     | 450     |

| Normalized Volumes |           |           |          |           |           |
|--------------------|-----------|-----------|----------|-----------|-----------|
| Residential        | 504,449   | 512,459   | (8,011)  | 4,799,314 | 4,834,070 |
| Commercial         | 584,156   | 610,294   | (26,138) | 4,178,011 | 4,251,936 |
| Industrial         | 1,647,709 | 1,394,504 | 253,205  | 7,117,586 | 6,187,881 |

### MTD Highlights

- Base Retail Margin (\$0.08M):** Industrial usage slightly above forecast offset by lower usage than forecast in Residential and Commercial
- Capital Trackers (\$0.12M):** SMRP behind in-service curve
- Supply & Optimization \$0.42M:** PBR – Timing due to overstatement in actuals, and to be reversed by accounting next month

### Current Month PE Adjustment Highlights

- N/A
- Risks & Upsides: \$0.84M**
  - Base Retail Margin \$0.46M:** Remainder of YTD upside primarily due to new rates implementation
  - Supply & Optimization \$0.58M:** YTD upside PBR above forecast
  - Capital Trackers (\$0.20M):** SMRP Behind in-service curve



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Apr 2025                         | MTD Actual       | MTD PE           | MTD vs. PE     |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 3&9 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|----------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.67)        | \$ (0.61)        | \$ (0.06)      | [1] | \$ (2.75)         | \$ (2.43)         | \$ (0.31)        | \$ (7.21)         | \$ 0.15          | \$ (7.06)         | \$ (0.05)          | \$ (7.11)         |
| Pres, Reg, Sust & Supply Chain   | 0.20             | 0.18             | 0.02           |     | 0.75              | 0.76              | (0.00)           | 2.30              | (0.08)           | 2.22              | -                  | 2.22              |
| Admin Svcs and HR                | (0.13)           | (0.16)           | 0.03           | [2] | (0.66)            | (0.64)            | (0.03)           | (1.75)            | (0.10)           | (1.86)            | (0.01)             | (1.87)            |
| Executive                        | (0.02)           | (0.02)           | (0.00)         |     | (0.11)            | (0.08)            | (0.04)           | (0.23)            | (0.04)           | (0.27)            | (0.00)             | (0.27)            |
| Finance                          | (0.30)           | (0.61)           | 0.30           | [3] | (1.10)            | (1.32)            | 0.23             | (4.05)            | (0.25)           | (4.30)            | 0.10               | (4.20)            |
| General Counsel                  | (0.05)           | (0.06)           | 0.01           |     | (0.20)            | (0.26)            | 0.06             | (0.82)            | 0.04             | (0.78)            | (0.02)             | (0.80)            |
| Technology, Customer & Comm      | (0.92)           | (0.84)           | (0.08)         | [4] | (3.77)            | (3.75)            | (0.02)           | (10.32)           | (0.31)           | (10.63)           | (0.14)             | (10.76)           |
| Other G&A                        | (0.30)           | (0.17)           | (0.12)         | [5] | (1.26)            | (0.79)            | (0.47)           | (2.44)            | (0.07)           | (2.51)            | (0.03)             | (2.54)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.19)</b> | <b>\$ (2.29)</b> | <b>\$ 0.10</b> |     | <b>\$ (9.10)</b>  | <b>\$ (8.52)</b>  | <b>\$ (0.58)</b> | <b>\$ (24.52)</b> | <b>\$ (0.66)</b> | <b>\$ (25.18)</b> | <b>\$ (0.15)</b>   | <b>\$ (25.33)</b> |
| Short-Term Incentive             | (0.23)           | (0.18)           | (0.05)         |     | (0.73)            | (0.72)            | (0.01)           | (2.18)            | (0.22)           | (2.40)            | (0.10)             | (2.50)            |
| Long-Term Incentive              | (0.15)           | (0.19)           | 0.04           |     | (0.66)            | (0.66)            | 0.00             | (1.94)            | (0.21)           | (2.16)            | 0.01               | (2.14)            |
| Employee Benefits                | (0.26)           | (0.31)           | 0.06           |     | (1.63)            | (1.47)            | (0.16)           | (4.62)            | (0.13)           | (4.75)            | (0.08)             | (4.83)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.63)</b> | <b>\$ (0.68)</b> | <b>\$ 0.05</b> | [6] | <b>\$ (3.02)</b>  | <b>\$ (2.85)</b>  | <b>\$ (0.17)</b> | <b>\$ (8.74)</b>  | <b>\$ (0.57)</b> | <b>\$ (9.30)</b>  | <b>\$ (0.17)</b>   | <b>\$ (9.48)</b>  |
| <b>Total Corporate Functions</b> | <b>\$ (2.83)</b> | <b>\$ (2.98)</b> | <b>\$ 0.15</b> |     | <b>\$ (12.11)</b> | <b>\$ (11.36)</b> | <b>\$ (0.75)</b> | <b>\$ (33.26)</b> | <b>\$ (1.22)</b> | <b>\$ (34.49)</b> | <b>\$ (0.32)</b>   | <b>\$ (34.81)</b> |

## MTD Highlights

- Operations & Safety:** Driven by Fleet timing
- Admin Svcs and HR:** Non labor timing within HR and Real Estate
- Finance:** Tax timing \$0.3
- Technology, Customer & Comm:** Uncollectibles (\$0.03), IT (T) (\$0.06)
- Other G&A:** Vacation labor accrual (\$0.08), State Treasures Office penalties (\$0.05)
- Indirect Expenses:** STI/LTI allocation variance, Benefits timing

## Current Month PE Adjustment Highlights

- Finance:** Geography with Technology Customer, & Comm related to re-org
- Other G&A:** WAM expense geography with IT (\$0.03)
- Indirects:** STI allocations impacted by journals, expected to correct in May, Employee Benefits OpCo geography

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| May 2025                          | May         | MTD PE <sup>[1]</sup> | Variance    | May YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|-------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 7.82        | 7.89                  | (0.07)      | 74.46        | 71.63                   | 2.83        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (5.17)      | (5.35)                | 0.18        | (24.26)      | (23.31)                 | (0.95)      | (56.30)                     | (54.31)                       | (2.00)      |
| Depreciation                      | (2.28)      | (2.40)                | 0.13        | (11.45)      | (11.79)                 | 0.33        | (29.03)                     | (29.02)                       | (0.01)      |
| Total Other Taxes                 | 0.85        | (0.66)                | 1.51        | (2.62)       | (4.39)                  | 1.77        | (8.74)                      | (10.54)                       | 1.80        |
| Gain/(Loss) on Sale or Impairment | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>1.22</b> | <b>(0.52)</b>         | <b>1.74</b> | <b>36.12</b> | <b>32.15</b>            | <b>3.98</b> | <b>50.28</b>                | <b>43.74</b>                  | <b>6.54</b> |
| Total Other Income (Deductions)   | (0.99)      | (0.97)                | (0.02)      | (4.89)       | (5.39)                  | 0.50        | (12.38)                     | (13.57)                       | 1.19        |
| <b>Pre-Tax Earnings</b>           | <b>0.23</b> | <b>(1.49)</b>         | <b>1.72</b> | <b>31.24</b> | <b>26.76</b>            | <b>4.48</b> | <b>37.90</b>                | <b>30.17</b>                  | <b>7.73</b> |
| Income Taxes                      | 0.02        | 0.47                  | (0.46)      | (7.37)       | (6.24)                  | (1.13)      | (7.78)                      | (6.46)                        | (1.32)      |
| Effective Tax Rate                | -6.8%       | 31.8%                 | -38.6%      | 23.6%        | 23.3%                   | 0.3%        | 20.5%                       | 21.4%                         | -0.9%       |
| <b>Net Operating Earning</b>      | <b>0.25</b> | <b>(1.01)</b>         | <b>1.26</b> | <b>23.87</b> | <b>20.52</b>            | <b>3.35</b> | <b>30.12</b>                | <b>23.71</b>                  | <b>6.41</b> |
| Earnings from Subs                | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>0.25</b> | <b>(1.01)</b>         | <b>1.26</b> | <b>23.87</b> | <b>20.52</b>            | <b>3.35</b> | <b>30.12</b>                | <b>23.71</b>                  | <b>6.41</b> |

| Field Operations O&M | May           | MTD PE        | Variance    | May YTD       | YTD Plan      | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.66)</b> | <b>(1.69)</b> | <b>0.03</b> | <b>(6.86)</b> | <b>(7.05)</b> | <b>0.19</b> | <b>(15.77)</b> | <b>(15.92)</b> | <b>0.16</b> |

| Capital                 | May         | MTD PE <sup>[5]</sup> | Variance      | May YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>4.51</b> | <b>6.47</b>           | <b>(1.96)</b> | <b>25.39</b> | <b>29.67</b> | <b>(4.29)</b> | <b>67.27</b> | <b>70.15</b>   | <b>(2.88)</b> |
| Corporate Services      | 0.59        | 0.52                  | 0.07          | 4.07         | 3.71         | 0.36          | 9.21         | 7.11           | 2.11          |
| <b>Total Cap Ex</b>     | <b>5.09</b> | <b>6.98</b>           | <b>(1.89)</b> | <b>29.45</b> | <b>33.38</b> | <b>(3.93)</b> | <b>76.49</b> | <b>77.26</b>   | <b>(0.77)</b> |

| Curret Month PE Adjustments |             |
|-----------------------------|-------------|
| <b>Net</b>                  | <b>0.02</b> |

| Risks/Upsides |             |
|---------------|-------------|
| <b>Net</b>    | <b>0.75</b> |

| ROE                    |              |
|------------------------|--------------|
| <b>2025 4&amp;8 PE</b> | <b>9.12%</b> |

- [1] MTD PE represents 4&8 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 5&7 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$1.74M

- Total Other Taxes \$1.51M favorable (timing to correct April variance)
- Corporate Functions \$0.13M favorable
- Net Revenue (\$0.07M) unfavorable (Base Margin & Capital Trackers)

### Capital

- Total CKY capital spend under YTD by (\$2.0M), driven by direct spend due weather impacts on units (T). FY forecast directs over authorized by \$0.7M driven primarily due to support services reforecast.

### Risks/Upsides \$0.75M

- Net Revenue \$0.38M net upside due to difference in plan assumptions for new rates and PBR higher than forecast, partially offset by SMRP In-Service projected to be behind planned in-service curve and updated Demand Forecast YE outlook
- Gas Operations \$0.11M upside due to ops underrun to Work Plan
- Corporate Functions \$0.06M upside due to Uncollectibles
- Depreciation \$0.20M due to favorability from timing of in-service

### Current Month PE's \$0.02M

- Corporate Functions \$0.02M due to Ops and Safety Labor Capitalization (SEGA) (\$0.03M) and Allocation Updates \$0.05M

## Columbia Gas of Kentucky - Net Revenue (\$M)

| May 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 4&8 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 4.10        | \$ 4.07        | \$ 0.02          | \$ 44.88        | \$ 42.34        | \$ 2.54        | \$ 80.06         | \$ 2.95        | \$ 83.01         | \$ -               | \$ 83.01         | \$ (0.10)        | \$ 82.91         |
| Commercial                | 2.49           | 2.49           | (0.00)           | 18.76           | 18.07           | 0.69           | 36.52            | 1.59           | 38.10            | -                  | 38.10            | (0.20)           | 37.90            |
| Industrial                | 0.66           | 0.67           | (0.01)           | 4.01            | 3.78            | 0.23           | 8.30             | 0.38           | 8.68             | -                  | 8.68             | -                | 8.68             |
| Rate Case Outcome         | -              | -              | -                | -               | -               | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 7.25</b> | <b>\$ 7.24</b> | <b>\$ 0.01</b>   | <b>\$ 67.65</b> | <b>\$ 64.19</b> | <b>\$ 3.46</b> | <b>\$ 124.87</b> | <b>\$ 4.92</b> | <b>\$ 129.79</b> | <b>\$ -</b>        | <b>\$ 129.79</b> | <b>\$ (0.30)</b> | <b>\$ 129.49</b> |
| Capital Trackers          | 0.45           | 1.00           | (0.55)           | 8.19            | 7.09            | 1.10           | 12.11            | 4.57           | 16.67            | -                  | 16.67            | (0.20)           | 16.47            |
| Supply & Optimization     | (0.38)         | (0.38)         | 0.00             | 1.88            | -               | 1.88           | -                | 2.38           | 2.38             | -                  | 2.38             | -                | 2.38             |
| Other Misc. Revenue       | 0.50           | 0.03           | 0.47             | (3.26)          | 0.35            | (3.61)         | 0.63             | (5.13)         | (4.50)           | -                  | (4.50)           | 0.88             | (3.62)           |
| <b>Net Revenue</b>        | <b>\$ 7.82</b> | <b>\$ 7.89</b> | <b>\$ (0.07)</b> | <b>\$ 74.46</b> | <b>\$ 71.63</b> | <b>\$ 2.83</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ 0.38</b>   | <b>\$ 144.73</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 124,195 | 124,132 | 63    | 623,920 | 624,519 |
| Commercial     | 13,797  | 13,898  | (101) | 69,889  | 70,078  |
| Industrial     | 112     | 114     | (2)   | 560     | 564     |

| Normalized Volumes |           |           |          |           |           |
|--------------------|-----------|-----------|----------|-----------|-----------|
| Residential        | 232,148   | 229,114   | 3,034    | 5,031,463 | 5,063,185 |
| Commercial         | 434,595   | 442,007   | (7,412)  | 4,612,606 | 4,693,944 |
| Industrial         | 1,246,502 | 1,309,369 | (62,868) | 8,364,087 | 7,497,250 |

### MTD Highlights

- **Base Retail Margin \$0.01M:** Higher Residential usage than forecast partially offset by lower usage than forecast in Industrial
- **Capital Trackers (\$0.55M):** SMRP offset in Other Misc. Revenue

### Current Month PE Adjustment Highlights

- **N/A**

### Risks & Upsides: \$0.38M

- **Net Revenue \$0.88M:** YTD Activity (\$0.30M Residential and \$0.58M PBR)
- **Capital Trackers (\$0.20M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.10M):** YE outlook for Demand Forecast
- **Commercial (\$0.20M):** YE outlook for Demand Forecast



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| May 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 4&8 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.72)        | \$ (0.73)        | \$ 0.02          | [1] | \$ (3.46)         | \$ (3.06)         | \$ (0.41)        | \$ (7.21)         | \$ (0.01)        | \$ (7.21)         | \$ (0.04)          | \$ (7.25)         |
| Pres, Reg, Sust & Supply Chain   | (0.12)           | (0.09)           | (0.03)           |     | (0.39)            | (0.20)            | (0.19)           | (0.53)            | (0.52)           | (1.05)            | 0.03               | (1.02)            |
| Admin Svcs and HR                | (0.17)           | (0.14)           | (0.04)           | [2] | (0.84)            | (0.80)            | (0.04)           | (1.75)            | (0.11)           | (1.87)            | (0.02)             | (1.89)            |
| Executive                        | (0.03)           | (0.02)           | (0.01)           |     | (0.15)            | (0.10)            | (0.05)           | (0.23)            | (0.04)           | (0.27)            | (0.01)             | (0.28)            |
| Finance                          | (0.29)           | (0.60)           | 0.31             | [3] | (1.38)            | (1.66)            | 0.27             | (4.05)            | (0.16)           | (4.21)            | 0.08               | (4.13)            |
| General Counsel                  | (0.04)           | (0.08)           | 0.03             | [4] | (0.24)            | (0.33)            | 0.08             | (0.82)            | 0.02             | (0.80)            | 0.02               | (0.78)            |
| Technology, Customer & Comm      | (1.00)           | (0.86)           | (0.13)           | [5] | (4.82)            | (4.64)            | (0.18)           | (10.32)           | (0.59)           | (10.91)           | (0.07)             | (10.98)           |
| Other G&A                        | (0.19)           | (0.18)           | (0.02)           | [6] | (1.40)            | (1.00)            | (0.40)           | (2.44)            | (0.05)           | (2.49)            | 0.03               | (2.46)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.56)</b> | <b>\$ (2.69)</b> | <b>\$ 0.13</b>   |     | <b>\$ (12.68)</b> | <b>\$ (11.77)</b> | <b>\$ (0.91)</b> | <b>\$ (27.35)</b> | <b>\$ (1.46)</b> | <b>\$ (28.80)</b> | <b>\$ 0.02</b>     | <b>\$ (28.78)</b> |
| Short-Term Incentive             | (0.17)           | (0.19)           | 0.02             |     | (0.90)            | (0.90)            | 0.00             | (2.18)            | (0.32)           | (2.50)            | (0.02)             | (2.52)            |
| Long-Term Incentive              | (0.15)           | (0.19)           | 0.03             |     | (0.81)            | (0.82)            | 0.01             | (1.94)            | (0.20)           | (2.14)            | 0.01               | (2.13)            |
| Employee Benefits                | (0.47)           | (0.41)           | (0.06)           |     | (2.10)            | (1.82)            | (0.28)           | (4.62)            | (0.21)           | (4.83)            | 0.00               | (4.83)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.79)</b> | <b>\$ (0.79)</b> | <b>\$ (0.01)</b> | [7] | <b>\$ (3.81)</b>  | <b>\$ (3.55)</b>  | <b>\$ (0.26)</b> | <b>\$ (8.74)</b>  | <b>\$ (0.74)</b> | <b>\$ (9.48)</b>  | <b>\$ (0.01)</b>   | <b>\$ (9.48)</b>  |
| <b>Total Corporate Functions</b> | <b>\$ (3.35)</b> | <b>\$ (3.48)</b> | <b>\$ 0.12</b>   |     | <b>\$ (16.49)</b> | <b>\$ (15.31)</b> | <b>\$ (1.18)</b> | <b>\$ (36.09)</b> | <b>\$ (2.19)</b> | <b>\$ (38.28)</b> | <b>\$ 0.02</b>     | <b>\$ (38.26)</b> |

## MTD Highlights

- Operations & Safety:** Projects (\$0.02) offset by Fleet \$0.02 and Training \$0.02 – (T)
- Admin Svcs and HR:** Non labor timing within HR and Real Estate
- Finance:** Tax timing \$0.3
- General Counsel:** Lower spend and allocation
- Technology, Customer & Comm:** Cyber Security Assessment (\$0.07) (T), IT (\$0.06) (T), Care Centers (\$0.03) (T), Uncollectibles (\$0.03), partially offset by other timing items
- Other G&A:** Primarily related to vacation labor offset by other Misc. Adj
- Indirect Expenses:** STI/LTI allocation variances, Employee Medical benefits (T)

## Current Month PE Adjustment Highlights

- Ops and Safety:** Labor adjustment for capitalization (\$0.03)
- Other G&A:** WAM related expense Geography
- Other Monthly PE adjustments were primarily geography between departments for IT project funding
- Indirects:** STI allocation updates

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| Jun 2025                          | Jun           | MTD PE <sup>[1]</sup> | Variance    | Jun YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|---------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 7.30          | 7.38                  | (0.08)      | 81.76        | 78.03                   | 3.72        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (4.46)        | (5.24)                | 0.78        | (28.72)      | (28.12)                 | (0.61)      | (56.98)                     | (54.31)                       | (2.67)      |
| Depreciation                      | (2.34)        | (2.62)                | 0.27        | (13.80)      | (14.19)                 | 0.40        | (29.12)                     | (29.02)                       | (0.10)      |
| Total Other Taxes                 | (0.86)        | (0.87)                | 0.02        | (3.48)       | (5.27)                  | 1.79        | (8.76)                      | (10.54)                       | 1.78        |
| Gain/(Loss) on Sale or Impairment | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>(0.36)</b> | <b>(1.36)</b>         | <b>0.99</b> | <b>35.76</b> | <b>30.46</b>            | <b>5.30</b> | <b>49.49</b>                | <b>43.74</b>                  | <b>5.75</b> |
| Total Other Income (Deductions)   | (0.92)        | (1.01)                | 0.09        | (5.81)       | (6.41)                  | 0.61        | (12.48)                     | (13.57)                       | 1.09        |
| <b>Pre-Tax Earnings</b>           | <b>(1.28)</b> | <b>(2.36)</b>         | <b>1.08</b> | <b>29.95</b> | <b>24.04</b>            | <b>5.91</b> | <b>37.01</b>                | <b>30.17</b>                  | <b>6.84</b> |
| Income Taxes                      | 0.41          | 0.69                  | (0.28)      | (6.96)       | (5.47)                  | (1.49)      | (8.12)                      | (6.46)                        | (1.66)      |
| Effective Tax Rate                | 31.7%         | 29.0%                 | 2.7%        | 23.2%        | 22.7%                   | 0.5%        | 21.9%                       | 21.4%                         | 0.5%        |
| <b>Net Operating Earning</b>      | <b>(0.88)</b> | <b>(1.68)</b>         | <b>0.80</b> | <b>22.99</b> | <b>18.58</b>            | <b>4.42</b> | <b>28.89</b>                | <b>23.71</b>                  | <b>5.18</b> |
| Earnings from Subs                | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>(0.88)</b> | <b>(1.68)</b>         | <b>0.80</b> | <b>22.99</b> | <b>18.58</b>            | <b>4.42</b> | <b>28.89</b>                | <b>23.71</b>                  | <b>5.18</b> |

| Field Operations O&M | Jun           | MTD PE        | Variance    | Jun YTD       | YTD Plan      | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.25)</b> | <b>(1.62)</b> | <b>0.38</b> | <b>(8.10)</b> | <b>(8.62)</b> | <b>0.52</b> | <b>(15.80)</b> | <b>(15.92)</b> | <b>0.12</b> |

| Capital                 | Jun         | MTD PE <sup>[5]</sup> | Variance    | Jun YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|-------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>5.31</b> | <b>4.73</b>           | <b>0.57</b> | <b>30.69</b> | <b>35.35</b> | <b>(4.66)</b> | <b>69.41</b> | <b>70.15</b>   | <b>(0.74)</b> |
| Corporate Services      | 0.93        | 0.62                  | 0.30        | 4.99         | 4.85         | 0.14          | 9.07         | 7.11           | 1.96          |
| <b>Total Cap Ex</b>     | <b>6.23</b> | <b>5.36</b>           | <b>0.88</b> | <b>35.69</b> | <b>40.20</b> | <b>(4.51)</b> | <b>78.48</b> | <b>77.26</b>   | <b>1.22</b>   |

| Curret Month PE Adjustments |
|-----------------------------|
| <b>Net</b> (0.60)           |

| Risks/Upsides   |
|-----------------|
| <b>Net</b> 0.54 |

| ROE        | Allowed      | 5&7 PE       |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>9.12%</b> |

- [1] MTD PE represents 5&7 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 6&6 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.99M

- Field Operations \$0.38M favorable
- Corporate Functions \$0.37M favorable
- Depreciation \$0.27M favorable
- Net Revenue (\$0.08M) unfavorable (Base Margin & Capital Trackers)

### Capital

- Total CKY capital spend over YTD by \$0.6M, driven by catchup of SMRP work (T). CKY FY forecast directs over authorized by \$0.8M driven primarily due to support services reforecast.

### Risks/Upsides \$0.54M

- Net Revenue \$0.20M net upside due to difference in plan assumptions for new rates and PBR higher than forecast, partially offset by SMRP In-Service projected to be behind planned in-service curve and updated Demand Forecast YE outlook
- Gas Operations \$0.12M upside due to ops underrun to Work Plan
- Corporate Functions \$0.02M upside due to Uncollectibles
- Depreciation \$0.30M due to favorability from timing of in-service and amortization HW/SW run rate help

### Current Month PE's (\$0.60M)

- Indirect Expenses (\$0.70M) scorecard updates and LTI allocation geography partially offset by \$0.10M Corporate Functions allocation due to geography



## Columbia Gas of Kentucky - Net Revenue (\$M)

| Jun 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 5&7 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 3.33        | \$ 3.33        | \$ (0.00)        | \$ 48.20        | \$ 45.74        | \$ 2.46        | \$ 80.06         | \$ 2.98        | \$ 83.03         | \$ -               | \$ 83.03         | \$ (0.10)        | \$ 82.93         |
| Commercial                | 2.26           | 2.29           | (0.03)           | 21.02           | 20.15           | 0.87           | 36.52            | 1.58           | 38.10            | -                  | 38.10            | (0.20)           | 37.90            |
| Industrial                | 0.63           | 0.64           | (0.01)           | 4.64            | 4.38            | 0.25           | 8.30             | 0.37           | 8.67             | -                  | 8.67             | -                | 8.67             |
| Rate Case Outcome         | -              | -              | -                | -               | -               | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 6.21</b> | <b>\$ 6.26</b> | <b>\$ (0.04)</b> | <b>\$ 73.86</b> | <b>\$ 70.28</b> | <b>\$ 3.58</b> | <b>\$ 124.87</b> | <b>\$ 4.93</b> | <b>\$ 129.80</b> | <b>\$ -</b>        | <b>\$ 129.80</b> | <b>\$ (0.30)</b> | <b>\$ 129.50</b> |
| Capital Trackers          | 0.29           | 1.03           | (0.74)           | 8.48            | 7.38            | 1.09           | 12.11            | 4.02           | 16.12            | -                  | 16.12            | (0.30)           | 15.82            |
| Supply & Optimization     | 0.14           | 0.07           | 0.07             | 2.02            | -               | 2.02           | -                | 2.38           | 2.38             | -                  | 2.38             | -                | 2.38             |
| Other Misc. Revenue       | 0.65           | 0.02           | 0.63             | (2.60)          | 0.37            | (2.97)         | 0.63             | (4.59)         | (3.96)           | -                  | (3.96)           | 0.80             | (3.16)           |
| <b>Net Revenue</b>        | <b>\$ 7.30</b> | <b>\$ 7.38</b> | <b>\$ (0.08)</b> | <b>\$ 81.76</b> | <b>\$ 78.03</b> | <b>\$ 3.72</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ 0.20</b>   | <b>\$ 144.55</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 123,660 | 123,353 | 307   | 747,580 | 747,872 |
| Commercial     | 13,649  | 13,808  | (159) | 83,538  | 83,885  |
| Industrial     | 112     | 114     | (2)   | 672     | 678     |

| Normalized Volumes |           |           |           |           |           |          |
|--------------------|-----------|-----------|-----------|-----------|-----------|----------|
| Residential        | 109,282   | 108,579   | 703       | 5,140,745 | 5,171,763 | (31,018) |
| Commercial         | 351,058   | 355,171   | (4,113)   | 4,963,665 | 5,049,115 | (85,450) |
| Industrial         | 1,028,264 | 1,207,332 | (179,067) | 9,392,352 | 8,704,582 | 687,770  |

### MTD Highlights

- **Base Retail Margin (\$0.04M):** Commercial counts and usage below forecast
- **Capital Trackers (\$0.74M):** SMRP offset in Other Misc. Revenue \$0.62M

### Current Month PE Adjustment Highlights

- N/A

### Risks & Upsides: \$0.20M

- **Net Revenue \$0.80M:** YTD Activity (\$0.20M Residential and \$0.60M PBR)
- **Capital Trackers (\$0.30M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.10M):** YE outlook for Demand Forecast
- **Commercial (\$0.20M):** YE outlook for Demand Forecast

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Jun 2025                         | MTD Actual       | MTD PE           | MTD vs. PE     |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 5&7 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|----------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.67)        | \$ (0.71)        | \$ 0.04        | [1] | \$ (4.13)         | \$ (3.64)         | \$ (0.49)        | \$ (7.21)         | \$ (0.03)        | \$ (7.24)         | \$ (0.02)          | \$ (7.26)         |
| Pres, Reg, Sust & Supply Chain   | (0.09)           | (0.11)           | 0.02           |     | (0.47)            | (0.24)            | (0.23)           | (0.53)            | (0.50)           | (1.02)            | (0.03)             | (1.05)            |
| Admin Svcs and HR                | (0.14)           | (0.15)           | 0.01           |     | (0.98)            | (0.95)            | (0.03)           | (1.75)            | (0.13)           | (1.89)            | 0.02               | (1.87)            |
| Executive                        | (0.03)           | (0.02)           | (0.01)         |     | (0.18)            | (0.11)            | (0.06)           | (0.23)            | (0.05)           | (0.28)            | (0.01)             | (0.28)            |
| Finance                          | (0.27)           | (0.59)           | 0.33           | [2] | (1.65)            | (1.98)            | 0.33             | (4.05)            | (0.11)           | (4.16)            | 0.10               | (4.06)            |
| General Counsel                  | (0.06)           | (0.09)           | 0.04           | [3] | (0.30)            | (0.41)            | 0.11             | (0.82)            | 0.04             | (0.78)            | 0.05               | (0.73)            |
| Technology, Customer & Comm      | (0.86)           | (0.80)           | (0.07)         | [4] | (5.76)            | (5.51)            | (0.26)           | (10.32)           | (0.66)           | (10.98)           | (0.03)             | (11.01)           |
| Other G&A                        | (0.24)           | (0.20)           | (0.05)         |     | (1.56)            | (1.21)            | (0.36)           | (2.44)            | (0.02)           | (2.46)            | 0.01               | (2.46)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.36)</b> | <b>\$ (2.66)</b> | <b>\$ 0.31</b> |     | <b>\$ (15.03)</b> | <b>\$ (14.05)</b> | <b>\$ (0.99)</b> | <b>\$ (27.35)</b> | <b>\$ (1.46)</b> | <b>\$ (28.80)</b> | <b>\$ 0.09</b>     | <b>\$ (28.71)</b> |
| Short-Term Incentive             | (0.10)           | (0.17)           | 0.07           |     | (0.99)            | (1.08)            | 0.09             | (2.18)            | (0.35)           | (2.52)            | (0.71)             | (3.23)            |
| Long-Term Incentive              | (0.19)           | (0.19)           | (0.01)         |     | (1.00)            | (0.98)            | (0.02)           | (1.94)            | (0.19)           | (2.13)            | 0.08               | (2.05)            |
| Employee Benefits                | (0.42)           | (0.41)           | (0.01)         |     | (2.52)            | (2.24)            | (0.28)           | (4.62)            | (0.21)           | (4.83)            | (0.07)             | (4.90)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.70)</b> | <b>\$ (0.76)</b> | <b>\$ 0.06</b> | [7] | <b>\$ (4.52)</b>  | <b>\$ (4.30)</b>  | <b>\$ (0.21)</b> | <b>\$ (8.74)</b>  | <b>\$ (0.74)</b> | <b>\$ (9.48)</b>  | <b>\$ (0.70)</b>   | <b>\$ (10.18)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.06)</b> | <b>\$ (3.43)</b> | <b>\$ 0.37</b> |     | <b>\$ (19.55)</b> | <b>\$ (18.35)</b> | <b>\$ (1.20)</b> | <b>\$ (36.09)</b> | <b>\$ (2.20)</b> | <b>\$ (38.29)</b> | <b>\$ (0.61)</b>   | <b>\$ (38.89)</b> |

### MTD Highlights

- Operations & Safety:** Primarily Fleet \$0.04 (T)
- Finance:** Tax geography – Coded to BP 00TA (G)
- General Counsel:** Lower spend and allocation
- Technology, Customer & Comm:** IT (\$0.06) Telecom and Project timing (T), Uncollectibles (\$0.02)
- Other G&A:** Driven by vacation labor accrual (\$0.03) and cloud amortization (\$0.012)
- Indirect Expenses:** STI forecasting updates and Benefits allocations

### Current Month PE Adjustment Highlights

- Finance:** PE adjustment drive by MTD Tax geography and allocations associated
- Indirects:** Scorecard updates and LTI allocation geography

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| Jul 2025                          | Jul           | MTD PE <sup>[1]</sup> | Variance      | Jul YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|---------------|-----------------------|---------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 7.24          | 7.28                  | (0.04)        | 88.99        | 84.29                   | 4.71        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (4.82)        | (4.82)                | 0.01          | (33.54)      | (32.70)                 | (0.84)      | (56.37)                     | (54.31)                       | (2.07)      |
| Depreciation                      | (2.33)        | (2.51)                | 0.19          | (16.12)      | (16.61)                 | 0.49        | (29.05)                     | (29.02)                       | (0.03)      |
| Total Other Taxes                 | (0.88)        | (0.88)                | (0.00)        | (4.35)       | (6.14)                  | 1.79        | (8.76)                      | (10.54)                       | 1.78        |
| Gain/(Loss) on Sale or Impairment | -             | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>(0.78)</b> | <b>(0.93)</b>         | <b>0.15</b>   | <b>34.98</b> | <b>28.84</b>            | <b>6.14</b> | <b>50.16</b>                | <b>43.74</b>                  | <b>6.42</b> |
| Total Other Income (Deductions)   | (1.42)        | (1.01)                | (0.41)        | (7.23)       | (7.49)                  | 0.27        | (12.59)                     | (13.57)                       | 0.98        |
| <b>Pre-Tax Earnings</b>           | <b>(2.20)</b> | <b>(1.94)</b>         | <b>(0.26)</b> | <b>27.75</b> | <b>21.34</b>            | <b>6.41</b> | <b>37.57</b>                | <b>30.17</b>                  | <b>7.40</b> |
| Income Taxes                      | 0.59          | 0.58                  | 0.00          | (6.37)       | (4.70)                  | (1.67)      | (8.31)                      | (6.46)                        | (1.85)      |
| Effective Tax Rate                | 26.6%         | 30.1%                 | -3.6%         | 23.0%        | 22.0%                   | 0.9%        | 22.1%                       | 21.4%                         | 0.7%        |
| <b>Net Operating Earning</b>      | <b>(1.62)</b> | <b>(1.36)</b>         | <b>(0.26)</b> | <b>21.38</b> | <b>16.64</b>            | <b>4.74</b> | <b>29.26</b>                | <b>23.71</b>                  | <b>5.55</b> |
| Earnings from Subs                | -             | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>(1.62)</b> | <b>(1.36)</b>         | <b>(0.26)</b> | <b>21.38</b> | <b>16.64</b>            | <b>4.74</b> | <b>29.26</b>                | <b>23.71</b>                  | <b>5.55</b> |

| Field Operations O&M | Jul           | MTD PE        | Variance    | Jul YTD       | YTD Plan       | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|---------------|----------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.37)</b> | <b>(1.49)</b> | <b>0.12</b> | <b>(9.47)</b> | <b>(10.10)</b> | <b>0.63</b> | <b>(15.80)</b> | <b>(15.92)</b> | <b>0.13</b> |

| Capital                 | Jul         | MTD PE <sup>[5]</sup> | Variance      | Jul YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>4.93</b> | <b>5.68</b>           | <b>(0.75)</b> | <b>35.63</b> | <b>41.15</b> | <b>(5.53)</b> | <b>68.66</b> | <b>70.15</b>   | <b>(1.49)</b> |
| Corporate Services      | 0.65        | 0.48                  | 0.17          | 5.65         | 5.13         | 0.51          | 9.25         | 7.11           | 2.15          |
| <b>Total Cap Ex</b>     | <b>5.58</b> | <b>6.17</b>           | <b>(0.58)</b> | <b>41.27</b> | <b>46.28</b> | <b>(5.01)</b> | <b>77.91</b> | <b>77.26</b>   | <b>0.65</b>   |

| Curret Month PE Adjustments |               |
|-----------------------------|---------------|
| <b>Net</b>                  | <b>(0.18)</b> |

| Risks/Upsides |             |
|---------------|-------------|
| <b>Net</b>    | <b>0.72</b> |

| ROE        | Allowed      | 6&6 PE       |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.97%</b> |

- [1] MTD PE represents 6&6 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 7&5 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.15M

- **Depreciation** \$0.19M favorable
- **Field Operations** \$0.12M favorable
- **Corporate Functions** (\$0.09M) unfavorable
- **Net Revenue** (\$0.04M) unfavorable (Base Margin & SMRP offset by PBR)

### Total Other Income (Deductions) (\$0.41M)

- Interest and Penalties from Property Tax Payment

### Capital

- Total CKY capital spend under YTD by (\$0.8M), driven by timing of contractor portal onboarding (T). CKY FY forecast directs over authorized by \$0.1M driven primarily due to outside labor increase; offset by Paris Cynthiana scope reduction

### Risks/Upsides \$0.72M

- **Depreciation** \$0.50M due to favorability from timing of in-service and amortization HW/SW run rate help
- **Net Revenue** \$0.20M net upside due to difference in plan assumptions for new rates and PBR higher than forecast, partially offset by SMRP In-Service projected to be behind planned in-service curve and updated Demand Forecast YE outlook
- **Gas Operations** \$0.13M upside due to ops underrun to Work Plan
- **Total Other Income** (\$0.10M) risk due to Sales and Use Tax Penalty
- **Corporate Functions** (\$0.01M) risk due to Uncollectibles

### Current Month PE's (\$0.18M)

- **Corporate Functions** (\$0.28M) Real Estate alignment between OpCo's, Excess Material Clearing, and IT Security Transformation
- **Depreciation** \$0.10M Amortization HW/SW Run Rate Help





## Columbia Gas of Kentucky - Net Revenue (\$M)

| Jul 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 6&6 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 3.31        | \$ 3.34        | \$ (0.03)        | \$ 51.51        | \$ 49.15        | \$ 2.36        | \$ 80.06         | \$ 2.98        | \$ 83.03         | \$ -               | \$ 83.03         | \$ (0.10)        | \$ 82.93         |
| Commercial                | 2.18           | 2.25           | (0.07)           | 23.20           | 22.19           | 1.01           | 36.52            | 1.55           | 38.06            | -                  | 38.06            | (0.20)           | 37.86            |
| Industrial                | 0.48           | 0.54           | (0.06)           | 5.12            | 4.90            | 0.22           | 8.30             | 0.36           | 8.66             | -                  | 8.66             | -                | 8.66             |
| Rate Case Outcome         | -              | -              | -                | -               | -               | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 5.97</b> | <b>\$ 6.13</b> | <b>\$ (0.16)</b> | <b>\$ 79.83</b> | <b>\$ 76.24</b> | <b>\$ 3.59</b> | <b>\$ 124.87</b> | <b>\$ 4.88</b> | <b>\$ 129.76</b> | <b>\$ -</b>        | <b>\$ 129.76</b> | <b>\$ (0.30)</b> | <b>\$ 129.46</b> |
| Capital Trackers          | 0.19           | 1.06           | (0.87)           | 8.67            | 7.66            | 1.01           | 12.11            | 3.27           | 15.38            | -                  | 15.38            | (0.30)           | 15.08            |
| Supply & Optimization     | 0.26           | 0.07           | 0.18             | 2.28            | -               | 2.28           | -                | 2.45           | 2.45             | -                  | 2.45             | -                | 2.45             |
| Other Misc. Revenue       | 0.83           | 0.02           | 0.80             | (1.78)          | 0.40            | (2.17)         | 0.63             | (3.87)         | (3.25)           | -                  | (3.25)           | 0.80             | (2.45)           |
| <b>Net Revenue</b>        | <b>\$ 7.24</b> | <b>\$ 7.28</b> | <b>\$ (0.04)</b> | <b>\$ 88.99</b> | <b>\$ 84.29</b> | <b>\$ 4.71</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ 0.20</b>   | <b>\$ 144.55</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 123,411 | 122,818 | 593   | 870,991 | 870,691 |
| Commercial     | 13,568  | 13,740  | (172) | 97,106  | 97,625  |
| Industrial     | 112     | 112     | -     | 784     | 790     |

| Normalized Volumes |         |           |           |            |           |
|--------------------|---------|-----------|-----------|------------|-----------|
| Residential        | 108,374 | 110,743   | (2,369)   | 5,249,119  | 5,282,506 |
| Commercial         | 316,754 | 342,124   | (25,370)  | 5,280,419  | 5,391,239 |
| Industrial         | 839,197 | 1,046,092 | (206,895) | 10,231,548 | 9,750,674 |

### MTD Highlights

- **Base Retail Margin (\$0.16M):** Usage below forecast
- **Supply & Optimization \$0.18M:** More opportunities than forecast
- **Capital Trackers (\$0.87M):** SMRP offset in Other Misc. Revenue \$0.78M

### Current Month PE Adjustment Highlights

- N/A

### Risks & Upsides: \$0.20M

- **Net Revenue \$0.80M:** YTD Activity (\$0.20M Residential and \$0.60M PBR)
- **Capital Trackers (\$0.30M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.10M):** YE outlook for Demand Forecast
- **Commercial (\$0.20M):** YE outlook for Demand Forecast

# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Jul 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 6&6 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.88)        | \$ (0.73)        | \$ (0.15)        | [1] | \$ (5.00)         | \$ (4.25)         | \$ (0.76)        | \$ (7.21)         | \$ (0.06)        | \$ (7.27)         | \$ (0.07)          | \$ (7.34)         |
| Pres, Reg, Sust & Supply Chain   | (0.07)           | (0.10)           | 0.03             |     | (0.54)            | (0.28)            | (0.26)           | (0.53)            | (0.51)           | (1.04)            | 0.01               | (1.03)            |
| Admin Svcs and HR                | (0.20)           | (0.18)           | (0.03)           | [2] | (1.18)            | (1.15)            | (0.03)           | (1.75)            | (0.12)           | (1.87)            | (0.21)             | (2.08)            |
| Executive                        | (0.05)           | (0.02)           | (0.03)           | [3] | (0.22)            | (0.13)            | (0.09)           | (0.23)            | (0.05)           | (0.28)            | (0.03)             | (0.31)            |
| Finance                          | (0.26)           | (0.31)           | 0.05             | [4] | (1.91)            | (2.32)            | 0.41             | (4.05)            | (0.04)           | (4.09)            | (0.03)             | (4.12)            |
| General Counsel                  | (0.04)           | (0.12)           | 0.08             | [5] | (0.34)            | (0.46)            | 0.12             | (0.82)            | 0.14             | (0.68)            | 0.01               | (0.67)            |
| Technology, Customer & Comm      | (0.83)           | (0.78)           | (0.06)           | [6] | (6.60)            | (6.31)            | (0.28)           | (10.32)           | (0.74)           | (11.06)           | (0.07)             | (11.13)           |
| Other G&A                        | (0.23)           | (0.25)           | 0.02             | [7] | (1.80)            | (1.41)            | (0.39)           | (2.44)            | (0.01)           | (2.46)            | 0.04               | (2.41)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.56)</b> | <b>\$ (2.47)</b> | <b>\$ (0.09)</b> |     | <b>\$ (17.60)</b> | <b>\$ (16.32)</b> | <b>\$ (1.28)</b> | <b>\$ (27.35)</b> | <b>\$ (1.40)</b> | <b>\$ (28.75)</b> | <b>\$ (0.34)</b>   | <b>\$ (29.10)</b> |
| Short-Term Incentive             | (0.16)           | (0.17)           | 0.02             |     | (1.15)            | (1.27)            | 0.11             | (2.18)            | (1.05)           | (3.23)            | (0.01)             | (3.24)            |
| Long-Term Incentive              | (0.15)           | (0.17)           | 0.02             |     | (1.15)            | (1.14)            | (0.01)           | (1.94)            | (0.11)           | (2.05)            | 0.01               | (2.04)            |
| Employee Benefits                | (0.39)           | (0.33)           | (0.06)           |     | (2.91)            | (2.53)            | (0.38)           | (4.62)            | (0.28)           | (4.90)            | (0.00)             | (4.90)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.70)</b> | <b>\$ (0.68)</b> | <b>\$ (0.02)</b> | [8] | <b>\$ (5.22)</b>  | <b>\$ (4.94)</b>  | <b>\$ (0.27)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.44)</b> | <b>\$ (10.18)</b> | <b>\$ 0.00</b>     | <b>\$ (10.18)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.26)</b> | <b>\$ (3.15)</b> | <b>\$ (0.12)</b> |     | <b>\$ (22.81)</b> | <b>\$ (21.26)</b> | <b>\$ (1.55)</b> | <b>\$ (36.09)</b> | <b>\$ (2.84)</b> | <b>\$ (38.93)</b> | <b>\$ (0.34)</b>   | <b>\$ (39.28)</b> |

## MTD Highlights

- Operations & Safety:** Fleet with Gas Ops (\$0.08) (G) and labor capitalization (\$0.08) (T)
- Aviation:** Maintenance timing (\$0.03) (T)
- Executive:** Comms non-labor timing (\$0.01) (T) and Direct ad placement – reviewing if should be to CKY (\$0.02)
- Finance:** Outside Services timing \$0.05 (T)
- General Counsel:** Allocated spend less than plan
- Technology, Customer & Comm:** Uncollectibles (\$0.03), IT Security Software and Consultant timing (\$0.03) (T)
- Other G&A:** Due to Other Taxes favorability \$0.02
- Indirect Expenses:** STI and LTI Cap rate differences, greater 401k expense

## Current Month PE Adjustment Highlights

- Admin Svcs and HR:** Real Estate PE alignment between OpCo's (\$0.20)
- Ops & Safety:** Excess Material Clearing (\$0.05)
- Technology Customer & Comm:** IT Security Transformation (\$0.03)

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| Aug 2025                          | Aug           | MTD PE <sup>[1]</sup> | Variance    | Aug YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|---------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 7.08          | 7.39                  | (0.31)      | 96.08        | 90.65                   | 5.42        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (4.64)        | (4.99)                | 0.35        | (38.18)      | (37.27)                 | (0.91)      | (58.00)                     | (54.31)                       | (3.69)      |
| Depreciation                      | (2.33)        | (2.54)                | 0.22        | (18.45)      | (19.05)                 | 0.60        | (29.05)                     | (29.02)                       | (0.03)      |
| Total Other Taxes                 | (0.85)        | (0.88)                | 0.03        | (5.20)       | (7.02)                  | 1.82        | (8.63)                      | (10.54)                       | 1.90        |
| Gain/(Loss) on Sale or Impairment | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>(0.74)</b> | <b>(1.02)</b>         | <b>0.28</b> | <b>34.24</b> | <b>27.31</b>            | <b>6.93</b> | <b>48.66</b>                | <b>43.74</b>                  | <b>4.92</b> |
| Total Other Income (Deductions)   | (1.02)        | (0.98)                | (0.04)      | (8.24)       | (8.59)                  | 0.35        | (12.48)                     | (13.57)                       | 1.10        |
| <b>Pre-Tax Earnings</b>           | <b>(1.75)</b> | <b>(1.99)</b>         | <b>0.24</b> | <b>26.00</b> | <b>18.72</b>            | <b>7.28</b> | <b>36.18</b>                | <b>30.17</b>                  | <b>6.01</b> |
| Income Taxes                      | 0.53          | 0.60                  | (0.07)      | (5.85)       | (3.96)                  | (1.89)      | (8.18)                      | (6.46)                        | (1.72)      |
| Effective Tax Rate                | 30.2%         | 30.1%                 | 0.1%        | 22.5%        | 21.1%                   | 1.3%        | 22.6%                       | 21.4%                         | 1.2%        |
| <b>Net Operating Earning</b>      | <b>(1.22)</b> | <b>(1.39)</b>         | <b>0.17</b> | <b>20.15</b> | <b>14.76</b>            | <b>5.39</b> | <b>28.00</b>                | <b>23.71</b>                  | <b>4.29</b> |
| Earnings from Subs                | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>(1.22)</b> | <b>(1.39)</b>         | <b>0.17</b> | <b>20.15</b> | <b>14.76</b>            | <b>5.39</b> | <b>28.00</b>                | <b>23.71</b>                  | <b>4.29</b> |

| Field Operations O&M | Aug           | MTD PE        | Variance    | Aug YTD        | YTD Plan       | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|-------------|----------------|----------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.35)</b> | <b>(1.48)</b> | <b>0.13</b> | <b>(10.82)</b> | <b>(11.49)</b> | <b>0.67</b> | <b>(15.78)</b> | <b>(15.92)</b> | <b>0.14</b> |

| Capital                 | Aug         | MTD PE <sup>[5]</sup> | Variance      | Aug YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>6.14</b> | <b>6.40</b>           | <b>(0.26)</b> | <b>41.77</b> | <b>47.50</b> | <b>(5.73)</b> | <b>69.41</b> | <b>70.15</b>   | <b>(0.74)</b> |
| Corporate Services      | 0.54        | 0.41                  | 0.14          | 6.19         | 5.45         | 0.74          | 9.54         | 7.11           | 2.43          |
| <b>Total Cap Ex</b>     | <b>6.68</b> | <b>6.81</b>           | <b>(0.13)</b> | <b>47.95</b> | <b>52.95</b> | <b>(5.00)</b> | <b>78.95</b> | <b>77.26</b>   | <b>1.69</b>   |

| Curret Month PE Adjustments |
|-----------------------------|
| <b>Net</b> (0.22)           |

| Risks/Upsides   |
|-----------------|
| <b>Net</b> 0.12 |

| ROE | Allowed | 7&5 PE |
|-----|---------|--------|
| CKY | 9.75%   | 8.85%  |

- [1] MTD PE represents 7&5 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 8&4 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.28M

- **Depreciation** \$0.22M favorable
- **Corporate Functions** \$0.20M favorable
- **Field Operations** \$0.13M favorable
- **Net Revenue** (\$0.31M) unfavorable (SMRP)

### Capital

- Total CKY FY forecast directs over authorized by \$0.1M driven primarily due to outside labor increase; offset by Paris Cynthiana scope reduction.

### Risks/Upsides \$0.12M

- **Depreciation** \$0.60M due to favorability from timing of in-service and amortization HW/SW run rate help
- **Gas Operations** \$0.13M upside due to ops underrun to Work Plan
- **Total Other Income** (\$0.50M) risk due to Sales and Use Tax Penalty and Late Property Tax Payment Penalty
- **Net Revenue** (\$0.10M) net risk due to difference in plan assumptions for new rates and PBR higher than forecast, partially offset by SMRP In-Service projected to be behind planned in-service curve and updated Demand Forecast YE outlook
- **Corporate Functions** (\$0.01M) risk due to Uncollectibles

### Current Month PE's (\$0.22M)

- **Corporate Functions** (\$0.25M) NCS/OpC alignment, NCS funding, General allocation adjustments
- **Indirect Expenses** \$0.03M Indirects allocation updates and state alignment



## Columbia Gas of Kentucky - Net Revenue (\$M)

| Aug 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual      | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 7&5 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|-----------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 3.27        | \$ 3.33        | \$ (0.06)        | \$ 54.78        | \$ 52.56        | \$ 2.23        | \$ 80.06         | \$ 2.95        | \$ 83.00         | \$ -               | \$ 83.00         | \$ (0.10)        | \$ 82.90         |
| Commercial                | 2.22           | 2.24           | (0.02)           | 25.42           | 24.22           | 1.20           | 36.52            | 1.48           | 37.99            | -                  | 37.99            | (0.20)           | 37.79            |
| Industrial                | 0.69           | 0.64           | 0.05             | 5.81            | 5.50            | 0.31           | 8.30             | 0.30           | 8.60             | -                  | 8.60             | -                | 8.60             |
| Rate Case Outcome         | -              | -              | -                | -               | -               | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 6.18</b> | <b>\$ 6.21</b> | <b>\$ (0.03)</b> | <b>\$ 86.01</b> | <b>\$ 82.28</b> | <b>\$ 3.73</b> | <b>\$ 124.87</b> | <b>\$ 4.72</b> | <b>\$ 129.60</b> | <b>\$ -</b>        | <b>\$ 129.60</b> | <b>\$ (0.30)</b> | <b>\$ 129.30</b> |
| Capital Trackers          | 0.17           | 1.09           | (0.91)           | 8.84            | 7.95            | 0.89           | 12.11            | 2.40           | 14.51            | -                  | 14.51            | (0.30)           | 14.21            |
| Supply & Optimization     | 0.09           | 0.07           | 0.02             | 2.37            | -               | 2.37           | -                | 2.64           | 2.64             | -                  | 2.64             | -                | 2.64             |
| Other Misc. Revenue       | 0.64           | 0.03           | 0.61             | (1.14)          | 0.43            | (1.56)         | 0.63             | (3.03)         | (2.40)           | -                  | (2.40)           | 0.50             | (1.90)           |
| <b>Net Revenue</b>        | <b>\$ 7.08</b> | <b>\$ 7.39</b> | <b>\$ (0.31)</b> | <b>\$ 96.08</b> | <b>\$ 90.65</b> | <b>\$ 5.42</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ (0.10)</b> | <b>\$ 144.25</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 123,265 | 122,448 | 817   | 994,256 | 993,139 |
| Commercial     | 13,486  | 13,687  | (201) | 110,592 | 111,312 |
| Industrial     | 113     | 113     | -     | 897     | 903     |

| Normalized Volumes |           |           |         |            |            |
|--------------------|-----------|-----------|---------|------------|------------|
| Residential        | 101,669   | 111,414   | (9,745) | 5,350,788  | 5,393,920  |
| Commercial         | 350,765   | 350,788   | (23)    | 5,631,184  | 5,742,027  |
| Industrial         | 1,331,832 | 1,204,343 | 127,490 | 11,563,381 | 10,955,017 |

### MTD Highlights

- **Base Retail Margin (\$0.03M):** Industrial Usage above forecast offset by residential usage and commercial counts below forecast
- **Capital Trackers (\$0.91M):** SMRP offset in Other Misc. Revenue \$0.61M, net to (\$0.30M)

### Current Month PE Adjustment Highlights

- **N/A**

### Risks & Upsides: (\$0.10M)

- **Net Revenue \$0.50M:** YTD Activity (PBR)
- **Capital Trackers (\$0.30M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.10M):** YE outlook for Demand Forecast
- **Commercial (\$0.20M):** YE outlook for Demand Forecast

## Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Aug 2025                         | MTD Actual       | MTD PE           | MTD vs. PE     |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 7&5 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|----------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.78)        | \$ (0.77)        | \$ (0.01)      |     | \$ (5.78)         | \$ (4.86)         | \$ (0.92)        | \$ (7.21)         | \$ (0.22)        | \$ (7.42)         | \$ (0.05)          | \$ (7.47)         |
| Pres, Reg, Sust & Supply Chain   | (0.09)           | (0.10)           | 0.01           |     | (0.63)            | (0.32)            | (0.31)           | (0.53)            | (0.50)           | (1.03)            | 0.02               | (1.01)            |
| Admin Svcs and HR                | (0.12)           | (0.17)           | 0.05           | [1] | (1.31)            | (1.30)            | (0.01)           | (1.75)            | (0.32)           | (2.08)            | 0.02               | (2.06)            |
| Executive                        | (0.02)           | (0.02)           | (0.00)         |     | (0.24)            | (0.15)            | (0.09)           | (0.23)            | (0.08)           | (0.31)            | 0.01               | (0.30)            |
| Finance                          | (0.26)           | (0.31)           | 0.06           | [2] | (2.17)            | (2.66)            | 0.49             | (4.05)            | (0.15)           | (4.20)            | (0.12)             | (4.33)            |
| General Counsel                  | (0.03)           | (0.12)           | 0.09           | [3] | (0.37)            | (0.52)            | 0.15             | (0.82)            | 0.15             | (0.67)            | (0.06)             | (0.72)            |
| Technology, Customer & Comm      | (0.71)           | (0.76)           | 0.05           | [4] | (7.50)            | (7.11)            | (0.39)           | (10.32)           | (0.77)           | (11.09)           | (0.07)             | (11.16)           |
| Other G&A                        | (0.30)           | (0.26)           | (0.04)         | [5] | (1.90)            | (1.62)            | (0.27)           | (2.44)            | 0.05             | (2.39)            | 0.00               | (2.39)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.31)</b> | <b>\$ (2.51)</b> | <b>\$ 0.20</b> |     | <b>\$ (19.91)</b> | <b>\$ (18.55)</b> | <b>\$ (1.36)</b> | <b>\$ (27.35)</b> | <b>\$ (1.85)</b> | <b>\$ (29.19)</b> | <b>\$ (0.25)</b>   | <b>\$ (29.44)</b> |
| Short-Term Incentive             | (0.19)           | (0.18)           | (0.02)         |     | (1.34)            | (1.45)            | 0.10             | (2.18)            | (1.06)           | (3.24)            | (0.04)             | (3.27)            |
| Long-Term Incentive              | (0.14)           | (0.17)           | 0.03           |     | (1.29)            | (1.31)            | 0.01             | (1.94)            | (0.10)           | (2.04)            | 0.02               | (2.02)            |
| Employee Benefits                | (0.46)           | (0.47)           | 0.01           |     | (3.37)            | (2.96)            | (0.41)           | (4.62)            | (0.28)           | (4.90)            | 0.05               | (4.85)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.79)</b> | <b>\$ (0.81)</b> | <b>\$ 0.02</b> | [6] | <b>\$ (6.01)</b>  | <b>\$ (5.71)</b>  | <b>\$ (0.29)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.44)</b> | <b>\$ (10.18)</b> | <b>\$ 0.03</b>     | <b>\$ (10.15)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.10)</b> | <b>\$ (3.33)</b> | <b>\$ 0.22</b> |     | <b>\$ (25.92)</b> | <b>\$ (24.26)</b> | <b>\$ (1.65)</b> | <b>\$ (36.09)</b> | <b>\$ (3.29)</b> | <b>\$ (39.37)</b> | <b>\$ (0.22)</b>   | <b>\$ (39.59)</b> |

### MTD Highlights

- Admin Svcs & HR:** Real Estate related timing \$0.05 (T)
- Finance:** Timing of One Card rebate and PwC invoice \$0.05 (T)
- General Counsel:** Less legal spend allocated to CKY
- Technology, Customer & Comm:** Uncollectibles \$0.04
- Other G&A:** Other taxes \$0.02, Cloud amortization (\$0.04), Vacation labor accrual (\$0.02)
- Indirect Expenses:** STI Allocation rates, LTI Controllers letter updates, 401k

### Current Month PE Adjustment Highlights

- Ops and Safety:** general increase related to PE respread process
- Finance:** Corporate insurance NCS/OpCo alignment (\$0.15)
- General Counsel:** Funding on NCS, actuals expected to hit elsewhere (\$0.06)
- Technology Customer & Comm:** IT Allocation (\$0.09), Customer NCS/OpCo alignment (\$0.01)
- Indirects:** STI Allocation updates, LTI Allocations, Benefits state alignment

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.



# Columbia Gas of Kentucky – Monthly Summary

| Sep 2025                          | Sep           | MTD PE <sup>[1]</sup> | Variance    | Sep YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|---------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 7.11          | 7.56                  | (0.45)      | 103.19       | 97.15                   | 6.04        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (5.41)        | (6.12)                | 0.70        | (43.59)      | (41.95)                 | (1.65)      | (57.42)                     | (54.31)                       | (3.11)      |
| Depreciation                      | (2.35)        | (2.62)                | 0.27        | (20.80)      | (21.50)                 | 0.70        | (28.52)                     | (29.02)                       | 0.50        |
| Total Other Taxes                 | (0.89)        | (0.90)                | 0.01        | (6.10)       | (7.90)                  | 1.80        | (8.75)                      | (10.54)                       | 1.78        |
| Gain/(Loss) on Sale or Impairment | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>(1.54)</b> | <b>(2.08)</b>         | <b>0.53</b> | <b>32.70</b> | <b>25.80</b>            | <b>6.90</b> | <b>49.65</b>                | <b>43.74</b>                  | <b>5.91</b> |
| Total Other Income (Deductions)   | (1.55)        | (1.07)                | (0.48)      | (9.79)       | (10.01)                 | 0.22        | (12.80)                     | (13.57)                       | 0.77        |
| <b>Pre-Tax Earnings</b>           | <b>(3.09)</b> | <b>(3.15)</b>         | <b>0.06</b> | <b>22.91</b> | <b>15.79</b>            | <b>7.12</b> | <b>36.85</b>                | <b>30.17</b>                  | <b>6.68</b> |
| Income Taxes                      | 0.86          | 0.89                  | (0.03)      | (4.98)       | (3.14)                  | (1.84)      | (8.01)                      | (6.46)                        | (1.55)      |
| Effective Tax Rate                | 27.9%         | 28.3%                 | -0.4%       | 21.7%        | 19.9%                   | 1.9%        | 21.7%                       | 21.4%                         | 0.3%        |
| <b>Net Operating Earning</b>      | <b>(2.23)</b> | <b>(2.26)</b>         | <b>0.03</b> | <b>17.93</b> | <b>12.65</b>            | <b>5.28</b> | <b>28.84</b>                | <b>23.71</b>                  | <b>5.13</b> |
| Earnings from Subs                | -             | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>(2.23)</b> | <b>(2.26)</b>         | <b>0.03</b> | <b>17.93</b> | <b>12.65</b>            | <b>5.28</b> | <b>28.84</b>                | <b>23.71</b>                  | <b>5.13</b> |

| Field Operations O&M | Sep           | MTD PE        | Variance      | Sep YTD        | YTD Plan       | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|---------------|----------------|----------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.36)</b> | <b>(1.32)</b> | <b>(0.04)</b> | <b>(12.18)</b> | <b>(12.87)</b> | <b>0.68</b> | <b>(15.78)</b> | <b>(15.92)</b> | <b>0.14</b> |

| Capital                 | Sep         | MTD PE <sup>[5]</sup> | Variance    | Sep YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|-------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>7.82</b> | <b>7.64</b>           | <b>0.19</b> | <b>49.59</b> | <b>53.63</b> | <b>(4.04)</b> | <b>69.60</b> | <b>70.15</b>   | <b>(0.56)</b> |
| Corporate Services      | 0.77        | 0.75                  | 0.02        | 6.96         | 5.78         | 1.17          | 9.50         | 7.11           | 2.39          |
| <b>Total Cap Ex</b>     | <b>8.59</b> | <b>8.39</b>           | <b>0.20</b> | <b>56.55</b> | <b>59.41</b> | <b>(2.87)</b> | <b>79.10</b> | <b>77.26</b>   | <b>1.84</b>   |

| Curret Month PE Adjustments |
|-----------------------------|
| <b>Net</b> (0.35)           |

| Risks/Upsides     |
|-------------------|
| <b>Net</b> (0.12) |

| ROE        | Allowed      | 8&4 PE       |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.77%</b> |

- [1] MTD PE represents 8&4 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 9&3 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.53M

- **Depreciation** \$0.27M favorable due to in-service lag
- **Corporate Functions** \$0.38M favorable due to primarily Timing
- **Indirect Expenses** \$0.35M favorable
- **Net Revenue** (\$0.45M) unfavorable SMRP and PBR
- **Field Operations** (\$0.04M) unfavorable

### Total Other Income (Deductions) (\$0.48M)

- Unfavorable due to Pension Expense (G) between OpCo's (\$0.30M) and Property Tax Penalty (T) in PE (\$0.18M)

### Capital

- Total CKY capital spend FY Forecast in-line with authorized.

### Risks/Upsides (\$0.12M)

- **Net Revenue** (\$0.32M) net risk due to SMRP In-Service projected to be behind planned in-service curve and updated Demand Forecast YE outlook, partially offset by difference in plan assumptions for new rates and PBR higher than forecast
- **Depreciation** \$0.20M upside due to depreciation favorability

### Current Month PE's (\$0.35M)

- **Corporate Functions** (\$0.94M) Target forgiveness driven by Fleet partially offset by various alignment adjustments across departments
- **Total Other Taxes** (\$0.10M) Sales and Use Tax Penalty
- **Depreciation** \$0.53M Depreciation Favorability and Amortization HW/SW run rate updates
- **Indirect Expenses** \$0.15M Scorecard Updates

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Sep 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual       | YTD Plan        | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 8&4 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|------------------|-----------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 3.42        | \$ 3.46        | \$ (0.04)        | \$ 58.21         | \$ 56.08        | \$ 2.12        | \$ 80.06         | \$ 2.89        | \$ 82.94         | \$ -               | \$ 82.94         | \$ (0.06)        | \$ 82.89         |
| Commercial                | 2.20           | 2.24           | (0.04)           | 27.62            | 26.25           | 1.36           | 36.52            | 1.45           | 37.97            | -                  | 37.97            | (0.16)           | 37.81            |
| Industrial                | 0.64           | 0.63           | 0.02             | 6.45             | 6.10            | 0.35           | 8.30             | 0.36           | 8.66             | -                  | 8.66             | -                | 8.66             |
| Rate Case Outcome         | -              | -              | -                | -                | -               | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 6.26</b> | <b>\$ 6.33</b> | <b>\$ (0.06)</b> | <b>\$ 92.27</b>  | <b>\$ 88.43</b> | <b>\$ 3.84</b> | <b>\$ 124.87</b> | <b>\$ 4.70</b> | <b>\$ 129.57</b> | <b>\$ -</b>        | <b>\$ 129.57</b> | <b>\$ (0.22)</b> | <b>\$ 129.35</b> |
| Capital Trackers          | 0.23           | 1.13           | (0.90)           | 9.06             | 8.26            | 0.80           | 12.11            | 1.49           | 13.60            | -                  | 13.60            | (0.20)           | 13.40            |
| Supply & Optimization     | (0.10)         | 0.07           | (0.17)           | 2.27             | -               | 2.27           | -                | 2.66           | 2.66             | -                  | 2.66             | -                | 2.66             |
| Other Misc. Revenue       | 0.72           | 0.03           | 0.69             | (0.42)           | 0.45            | (0.87)         | 0.63             | (2.11)         | (1.48)           | -                  | (1.48)           | 0.10             | (1.38)           |
| <b>Net Revenue</b>        | <b>\$ 7.11</b> | <b>\$ 7.56</b> | <b>\$ (0.45)</b> | <b>\$ 103.19</b> | <b>\$ 97.15</b> | <b>\$ 6.04</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ (0.32)</b> | <b>\$ 144.03</b> |

| Customer Count |         |         |       |           |           |
|----------------|---------|---------|-------|-----------|-----------|
| Residential    | 123,234 | 122,468 | 766   | 1,117,490 | 1,115,607 |
| Commercial     | 13,439  | 13,667  | (228) | 124,031   | 124,979   |
| Industrial     | 113     | 114     | (1)   | 1,010     | 1,017     |

| Normalized Volumes |           |           |          |            |            |
|--------------------|-----------|-----------|----------|------------|------------|
| Residential        | 141,516   | 135,564   | 5,952    | 5,492,304  | 5,529,484  |
| Commercial         | 341,363   | 358,732   | (17,369) | 5,972,547  | 6,100,759  |
| Industrial         | 1,272,126 | 1,226,073 | 46,053   | 12,835,507 | 12,181,089 |

### MTD Highlights

- **Base Retail Margin (\$0.06M):** Industrial Usage above forecast offset by commercial counts and usage below forecast
- **Capital Trackers (\$0.90M):** SMRP offset in Other Misc. Revenue \$0.69M, net to (\$0.21M)
- **Supply & Optimization (\$0.17M):** PBR unfavourability due to true-up for July Actuals

### Current Month PE Adjustment Highlights

- **N/A**

### Risks & Upsides: (\$0.32M)

- **Net Revenue \$0.10M:** Remainder of YTD Activity (PBR)
- **Capital Trackers (\$0.20M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.06M):** YE outlook for Demand Forecast
- **Commercial (\$0.16M):** YE outlook for Demand Forecast

# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Sep 2025                         | MTD Actual       | MTD PE           | MTD vs. PE     |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 8&4 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|----------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.74)        | \$ (0.73)        | \$ (0.01)      |     | \$ (6.52)         | \$ (5.46)         | \$ (1.06)        | \$ (7.21)         | \$ (0.26)        | \$ (7.47)         | \$ (1.18)          | \$ (8.65)         |
| Pres, Reg, Sust & Supply Chain   | (0.10)           | (0.15)           | 0.05           | [1] | (0.73)            | (0.37)            | (0.36)           | (0.53)            | (0.53)           | (1.05)            | 0.02               | (1.03)            |
| Admin Svcs and HR                | (0.16)           | (0.18)           | 0.02           | [2] | (1.48)            | (1.47)            | (0.01)           | (1.75)            | (0.30)           | (2.06)            | 0.02               | (2.04)            |
| Executive                        | (0.04)           | (0.02)           | (0.02)         |     | (0.28)            | (0.17)            | (0.11)           | (0.23)            | (0.07)           | (0.30)            | (0.02)             | (0.32)            |
| Finance                          | (0.30)           | (0.46)           | 0.16           | [3] | (2.47)            | (3.00)            | 0.53             | (4.05)            | (0.12)           | (4.17)            | 0.24               | (3.93)            |
| General Counsel                  | (0.06)           | (0.10)           | 0.05           | [4] | (0.43)            | (0.60)            | 0.17             | (0.82)            | 0.09             | (0.72)            | 0.05               | (0.67)            |
| Technology, Customer & Comm      | (0.59)           | (0.80)           | 0.21           | [5] | (8.39)            | (7.96)            | (0.43)           | (10.32)           | (1.02)           | (11.34)           | 0.34               | (11.00)           |
| Other G&A                        | (0.52)           | (0.44)           | (0.08)         | [6] | (2.11)            | (1.83)            | (0.28)           | (2.44)            | (0.08)           | (2.53)            | (0.40)             | (2.93)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.51)</b> | <b>\$ (2.89)</b> | <b>\$ 0.38</b> |     | <b>\$ (22.42)</b> | <b>\$ (20.86)</b> | <b>\$ (1.56)</b> | <b>\$ (27.35)</b> | <b>\$ (2.30)</b> | <b>\$ (29.64)</b> | <b>\$ (0.94)</b>   | <b>\$ (30.58)</b> |
| Short-Term Incentive             | (0.86)           | (1.09)           | 0.23           |     | (2.20)            | (1.63)            | (0.57)           | (2.18)            | (1.06)           | (3.24)            | 0.20               | (3.04)            |
| Long-Term Incentive              | (0.03)           | (0.16)           | 0.13           |     | (1.32)            | (1.46)            | 0.14             | (1.94)            | (0.08)           | (2.02)            | 0.06               | (1.96)            |
| Employee Benefits                | (0.47)           | (0.46)           | (0.01)         |     | (3.84)            | (3.40)            | (0.44)           | (4.62)            | (0.30)           | (4.92)            | (0.12)             | (5.04)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (1.36)</b> | <b>\$ (1.71)</b> | <b>\$ 0.35</b> | [7] | <b>\$ (7.36)</b>  | <b>\$ (6.50)</b>  | <b>\$ (0.87)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.45)</b> | <b>\$ (10.19)</b> | <b>\$ 0.15</b>     | <b>\$ (10.04)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.86)</b> | <b>\$ (4.59)</b> | <b>\$ 0.73</b> |     | <b>\$ (29.78)</b> | <b>\$ (27.36)</b> | <b>\$ (2.42)</b> | <b>\$ (36.09)</b> | <b>\$ (3.74)</b> | <b>\$ (39.83)</b> | <b>\$ (0.79)</b>   | <b>\$ (40.62)</b> |

## MTD Highlights

- Pres, Reg, Sust & Supply Chain:** Non-labor timing within Admin \$0.5 (T)
- Admin Svcs & HR:** Real Estate related timing \$0.02 (T)
- Finance:** Timing related to Tax and respread of \$350k - \$0.11(T)
- General Counsel:** Less legal spend allocated to CKY
- Technology, Customer & Comm:** Driven by IT – ServiceNow, Telecom and Outside Service (T)
- Other G&A:** Labor Accrual (\$0.09) and Cloud amortization (\$0.03) partially offset by other taxes \$0.05
- Indirect Expenses:** STI & LTI CL update timing with PE

## Current Month PE Adjustment Highlights

- Operations and Safety:** Target forgiveness driven by Fleet
- Admin Svcs & HR:** Aviation favorability adjustment – related to maintenance
- Finance:** PE adjustment for favorability related to Insurance
- General Counsel:** Result of NCS budgeted Data Center spend not allocating to CKY
- Technology Customer & Comm:** PE adjustments across depts. and OpCos aligning with spend
- Other G&A:** Vacation labor accrual (\$0.3), cloud software amortization (\$0.1)
- Indirects:** Scorecard updates and Employee Medical

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.



# Columbia Gas of Kentucky – Monthly Summary

| Oct 2025                          | Oct           | MTD PE <sup>[1]</sup> | Variance      | Oct YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|---------------|-----------------------|---------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 9.34          | 9.50                  | (0.16)        | 112.53       | 105.81                  | 6.72        | 144.35                      | 137.61                        | 6.74        |
| O&M                               | (5.11)        | (4.95)                | (0.16)        | (48.71)      | (46.07)                 | (2.64)      | (58.83)                     | (54.31)                       | (4.52)      |
| Depreciation                      | (2.36)        | (2.54)                | 0.19          | (23.15)      | (23.97)                 | 0.81        | (28.40)                     | (29.02)                       | 0.62        |
| Total Other Taxes                 | (0.57)        | (0.89)                | 0.32          | (6.67)       | (8.78)                  | 2.11        | (8.81)                      | (10.54)                       | 1.72        |
| Gain/(Loss) on Sale or Impairment | -             | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>1.30</b>   | <b>1.12</b>           | <b>0.19</b>   | <b>34.00</b> | <b>26.99</b>            | <b>7.01</b> | <b>48.30</b>                | <b>43.74</b>                  | <b>4.56</b> |
| Total Other Income (Deductions)   | (1.32)        | (1.07)                | (0.25)        | (11.11)      | (11.19)                 | 0.08        | (13.07)                     | (13.57)                       | 0.50        |
| <b>Pre-Tax Earnings</b>           | <b>(0.02)</b> | <b>0.05</b>           | <b>(0.06)</b> | <b>22.89</b> | <b>15.80</b>            | <b>7.09</b> | <b>35.23</b>                | <b>30.17</b>                  | <b>5.06</b> |
| Income Taxes                      | 0.06          | 0.09                  | (0.03)        | (4.92)       | (3.05)                  | (1.87)      | (7.91)                      | (6.46)                        | (1.45)      |
| Effective Tax Rate                | 371.0%        | -188.0%               | 559.0%        | 21.5%        | 19.3%                   | 2.2%        | 22.5%                       | 21.4%                         | 1.0%        |
| <b>Net Operating Earning</b>      | <b>0.04</b>   | <b>0.14</b>           | <b>(0.10)</b> | <b>17.97</b> | <b>12.75</b>            | <b>5.22</b> | <b>27.32</b>                | <b>23.71</b>                  | <b>3.60</b> |
| Earnings from Subs                | -             | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>0.04</b>   | <b>0.14</b>           | <b>(0.10)</b> | <b>17.97</b> | <b>12.75</b>            | <b>5.22</b> | <b>27.32</b>                | <b>23.71</b>                  | <b>3.60</b> |

| Field Operations O&M | Oct           | MTD PE        | Variance      | Oct YTD        | YTD Plan       | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|---------------|----------------|----------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.49)</b> | <b>(1.45)</b> | <b>(0.04)</b> | <b>(13.68)</b> | <b>(14.01)</b> | <b>0.34</b> | <b>(15.78)</b> | <b>(15.92)</b> | <b>0.14</b> |

| Capital                 | Oct         | MTD PE <sup>[5]</sup> | Variance      | Oct YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance      |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|---------------|--------------|----------------|---------------|
| <b>Total OpCo CapEx</b> | <b>5.04</b> | <b>7.08</b>           | <b>(2.03)</b> | <b>54.63</b> | <b>59.51</b> | <b>(4.88)</b> | <b>69.79</b> | <b>70.15</b>   | <b>(0.36)</b> |
| Corporate Services      | 0.31        | 0.30                  | 0.01          | 7.27         | 6.18         | 1.09          | 10.22        | 7.11           | 3.11          |
| <b>Total Cap Ex</b>     | <b>5.35</b> | <b>7.38</b>           | <b>(2.02)</b> | <b>61.90</b> | <b>65.69</b> | <b>(3.79)</b> | <b>80.01</b> | <b>77.26</b>   | <b>2.75</b>   |

| Curret Month PE Adjustments |               |
|-----------------------------|---------------|
| <b>Net</b>                  | <b>(0.47)</b> |

| Risks/Upsides |               |
|---------------|---------------|
| <b>Net</b>    | <b>(1.28)</b> |

| ROE        | Allowed      | 9&3 PE       |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.66%</b> |

- [1] MTD PE represents 9&3 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 10&2 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.19M

- **Total Other Taxes** \$0.32M favorable due to Property Tax
- **Depreciation** \$0.19M favorable due to in-service lag
- **Net Revenue** (\$0.16M) SMRP below plan
- **Indirect Expenses** (\$0.06M) unfavorable due to Employee Benefits
- **Corporate Functions** (\$0.04M) primarily unfavorable due to timing items
- **Field Operations** (\$0.04M) unfavorable due to labor

### Total Other Income (Deductions) (\$0.25M)

- Interest and Penalties from Gross Receipt Tax

### Capital

- Total CKY capital spend under YTD by (\$2.0M), driven by timing of work recognized (T)

### Risks/Upsides (\$1.28M)

- **Net Revenue** (\$0.50M) Net risk due to (\$0.30M) SMRP In-Service projected to be behind planned in-service curve, (\$0.20M) updated Demand Forecast YE outlook
- **Finance** (\$0.50M) risk due to Property Tax Contingency Fee
- **Total Other Income (Deductions)** (\$0.24M) Net risk due to Interest and Penalties from Property Tax Payment
- **Gas Operations** (\$0.24M) work plan risk
- **Depreciation** \$0.20M upside due to depreciation favorability
- **Total Other Taxes** TBD pending Tax review for Property Tax

### Current Month PE's (\$0.47M)

- **Corporate Functions** (\$0.29M) DMA invoices and GenCo geography
- **Total Other Income (Deductions)** (\$0.22M) Penalties from Late Gross Receipt Tax Payment
- **Indirect Expenses** (\$0.08M) Benefits state geography
- **Depreciation** \$0.12M Depreciation Favorability, slightly offset by Amortization HW/SW run rate updates

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Oct 2025                  | MTD Actual     | MTD PE         | MTD vs. PE       | YTD Actual       | YTD Plan         | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 9&3 PE           | Current Month PE's | Proposed PE      | Risks & Upsides  | YE Forecast      |
|---------------------------|----------------|----------------|------------------|------------------|------------------|----------------|------------------|----------------|------------------|--------------------|------------------|------------------|------------------|
| Residential               | \$ 4.82        | \$ 4.92        | \$ (0.09)        | \$ 63.03         | \$ 60.97         | \$ 2.06        | \$ 80.06         | \$ 2.85        | \$ 82.90         | \$ -               | \$ 82.90         | \$ (0.06)        | \$ 82.84         |
| Commercial                | 2.66           | 2.59           | 0.07             | 30.28            | 28.69            | 1.59           | 36.52            | 1.42           | 37.93            | -                  | 37.93            | (0.14)           | 37.79            |
| Industrial                | 0.75           | 0.71           | 0.04             | 7.20             | 6.78             | 0.42           | 8.30             | 0.37           | 8.67             | -                  | 8.67             | -                | 8.67             |
| Rate Case Outcome         | -              | -              | -                | -                | -                | -              | -                | -              | -                | -                  | -                | -                | -                |
| <b>Base Retail Margin</b> | <b>\$ 8.23</b> | <b>\$ 8.21</b> | <b>\$ 0.02</b>   | <b>\$ 100.51</b> | <b>\$ 96.44</b>  | <b>\$ 4.07</b> | <b>\$ 124.87</b> | <b>\$ 4.63</b> | <b>\$ 129.51</b> | <b>\$ -</b>        | <b>\$ 129.51</b> | <b>\$ (0.20)</b> | <b>\$ 129.31</b> |
| Capital Trackers          | 0.28           | 1.18           | (0.90)           | 9.34             | 8.87             | 0.47           | 12.11            | 0.59           | 12.69            | -                  | 12.69            | (0.20)           | 12.49            |
| Supply & Optimization     | 0.12           | 0.07           | 0.04             | 2.38             | -                | 2.38           | -                | 2.48           | 2.48             | -                  | 2.48             | -                | 2.48             |
| Other Misc. Revenue       | 0.72           | 0.04           | 0.68             | 0.30             | 0.49             | (0.19)         | 0.63             | (0.96)         | (0.34)           | -                  | (0.34)           | (0.10)           | (0.44)           |
| <b>Net Revenue</b>        | <b>\$ 9.34</b> | <b>\$ 9.50</b> | <b>\$ (0.16)</b> | <b>\$ 112.53</b> | <b>\$ 105.81</b> | <b>\$ 6.72</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ -</b>        | <b>\$ 144.35</b> | <b>\$ (0.50)</b> | <b>\$ 143.85</b> |

| Customer Count |         |         |       |           |           |
|----------------|---------|---------|-------|-----------|-----------|
| Residential    | 123,368 | 122,488 | 880   | 1,240,858 | 1,238,095 |
| Commercial     | 13,472  | 13,689  | (217) | 137,503   | 138,669   |
| Industrial     | 114     | 114     | -     | 1,124     | 1,131     |

| Normalized Volumes |           |           |          |            |            |
|--------------------|-----------|-----------|----------|------------|------------|
| Residential        | 368,781   | 375,757   | (6,976)  | 5,861,085  | 5,905,242  |
| Commercial         | 518,828   | 546,008   | (27,180) | 6,491,376  | 6,646,767  |
| Industrial         | 1,415,759 | 1,384,824 | 30,936   | 14,251,266 | 13,565,913 |

### MTD Highlights

- **Base Retail Margin \$0.02M:** Industrial Usage above forecast offset by residential usage below forecast
- **Capital Trackers (\$0.90M):** SMRP offset in Other Misc. Revenue \$0.68M, net to (\$0.22M)

### Current Month PE Adjustment Highlights

- **N/A**

### Risks & Upsides: (\$0.50M)

- **Net Revenue (\$0.10M):** YTD Activity primarily driven by SMRP
- **Capital Trackers (\$0.20M):** YE outlook for SMRP due to behind in-service curve
- **Residential (\$0.06M):** YE outlook for Demand Forecast
- **Commercial (\$0.14M):** YE outlook for Demand Forecast

# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Oct 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 9&3 PE            | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.57)        | \$ (0.63)        | \$ 0.05          | [1] | \$ (7.09)         | \$ (6.04)         | \$ (1.06)        | \$ (7.21)         | \$ (1.39)        | \$ (8.60)         | \$ 0.01            | \$ (8.59)         |
| Pres, Reg, Sust & Supply Chain   | (0.08)           | (0.13)           | 0.05             | [2] | (0.81)            | (0.41)            | (0.40)           | (0.53)            | (0.51)           | (1.03)            | 0.01               | (1.03)            |
| Admin Svcs and HR                | (0.17)           | (0.13)           | (0.04)           | [3] | (1.66)            | (1.59)            | (0.07)           | (1.75)            | (0.29)           | (2.04)            | (0.01)             | (2.05)            |
| Executive                        | (0.02)           | (0.01)           | (0.02)           |     | (0.31)            | (0.19)            | (0.12)           | (0.23)            | (0.09)           | (0.32)            | (0.00)             | (0.33)            |
| Finance                          | (0.75)           | (0.41)           | (0.34)           | [4] | (3.22)            | (3.34)            | 0.12             | (4.05)            | 0.12             | (3.93)            | (0.22)             | (4.16)            |
| General Counsel                  | (0.06)           | (0.09)           | 0.02             |     | (0.49)            | (0.65)            | 0.16             | (0.82)            | 0.14             | (0.67)            | (0.03)             | (0.70)            |
| Technology, Customer & Comm      | (0.55)           | (0.58)           | 0.03             | [5] | (9.34)            | (8.79)            | (0.55)           | (10.32)           | (0.66)           | (10.98)           | (0.18)             | (11.15)           |
| Other G&A                        | (0.39)           | (0.59)           | 0.20             | [6] | (2.09)            | (2.03)            | (0.06)           | (2.44)            | (0.49)           | (2.93)            | 0.22               | (2.71)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.60)</b> | <b>\$ (2.56)</b> | <b>\$ (0.04)</b> |     | <b>\$ (25.02)</b> | <b>\$ (23.03)</b> | <b>\$ (1.99)</b> | <b>\$ (27.35)</b> | <b>\$ (3.16)</b> | <b>\$ (30.51)</b> | <b>\$ (0.20)</b>   | <b>\$ (30.71)</b> |
| Short-Term Incentive             | (0.23)           | (0.25)           | 0.02             |     | (2.43)            | (1.81)            | (0.62)           | (2.18)            | (0.87)           | (3.04)            | (0.00)             | (3.04)            |
| Long-Term Incentive              | (0.14)           | (0.17)           | 0.02             |     | (1.47)            | (1.63)            | 0.16             | (1.94)            | (0.02)           | (1.96)            | 0.01               | (1.95)            |
| Employee Benefits                | (0.43)           | (0.33)           | (0.10)           |     | (4.27)            | (3.68)            | (0.60)           | (4.62)            | (0.42)           | (5.04)            | (0.09)             | (5.13)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.80)</b> | <b>\$ (0.75)</b> | <b>\$ (0.06)</b> | [7] | <b>\$ (8.17)</b>  | <b>\$ (7.11)</b>  | <b>\$ (1.05)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.30)</b> | <b>\$ (10.04)</b> | <b>\$ (0.08)</b>   | <b>\$ (10.12)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.41)</b> | <b>\$ (3.31)</b> | <b>\$ (0.10)</b> |     | <b>\$ (33.19)</b> | <b>\$ (30.15)</b> | <b>\$ (3.04)</b> | <b>\$ (36.09)</b> | <b>\$ (4.46)</b> | <b>\$ (40.55)</b> | <b>\$ (0.29)</b>   | <b>\$ (40.83)</b> |

## MTD Highlights

- Operations and Safety:** Fleet timing \$0.05 (T)
- Pres, Reg, Sust & Supply Chain:** Non-labor timing within Admin \$0.05 (T)
- Admin Svcs & HR:** Real Estate and HR invoice timing (\$0.04) (T)
- Finance:** DMA Tax invoice – partial (T), partial (P). PE in total included \$350k (\$116k for the month), actuals \$439k
- Technology, Customer & Comm:** Uncollectibles (\$0.01) offset by IT timing \$0.04 (T)
- Other G&A:** GenCo (G) with states \$0.11, Other Taxes \$0.05, Labor accrual \$0.06
- Indirect Expenses:** STI allocations, LTI Forfeitures at NCS, Employee Medical timing

## Current Month PE Adjustment Highlights

- Finance:** PE Increase directly related to DMA invoices (\$0.4)
- Other G&A:** GenCo (G) with states \$0.11
- Indirects:** LTI Allocations and Benefits state geography (G)

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.



# Columbia Gas of Kentucky – Monthly Summary

| Nov 2025                          | Nov         | MTD PE <sup>[1]</sup> | Variance    | Nov YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|-------------|-----------------------|-------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 14.18       | 13.77                 | 0.42        | 126.71       | 119.30                  | 7.41        | 144.70                      | 137.61                        | 7.09        |
| O&M                               | (5.17)      | (4.76)                | (0.41)      | (53.88)      | (50.21)                 | (3.67)      | (59.58)                     | (54.31)                       | (5.27)      |
| Depreciation                      | (2.69)      | (2.66)                | (0.03)      | (25.85)      | (26.45)                 | 0.60        | (28.25)                     | (29.02)                       | 0.77        |
| Total Other Taxes                 | (0.20)      | (1.10)                | 0.90        | (6.87)       | (9.66)                  | 2.79        | (7.01)                      | (10.54)                       | 3.52        |
| Gain/(Loss) on Sale or Impairment | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>6.12</b> | <b>5.24</b>           | <b>0.87</b> | <b>40.12</b> | <b>32.98</b>            | <b>7.14</b> | <b>49.86</b>                | <b>43.74</b>                  | <b>6.12</b> |
| Total Other Income (Deductions)   | (1.20)      | (1.06)                | (0.14)      | (12.31)      | (12.36)                 | 0.04        | (13.23)                     | (13.57)                       | 0.34        |
| <b>Pre-Tax Earnings</b>           | <b>4.91</b> | <b>4.19</b>           | <b>0.73</b> | <b>27.81</b> | <b>20.62</b>            | <b>7.18</b> | <b>36.63</b>                | <b>30.17</b>                  | <b>6.45</b> |
| Income Taxes                      | (1.59)      | (0.94)                | (0.65)      | (6.51)       | (4.16)                  | (2.35)      | (8.45)                      | (6.46)                        | (1.99)      |
| Effective Tax Rate                | 32.3%       | 22.5%                 | 9.8%        | 23.4%        | 20.2%                   | 3.2%        | 23.1%                       | 21.4%                         | 1.7%        |
| <b>Net Operating Earning</b>      | <b>3.33</b> | <b>3.24</b>           | <b>0.08</b> | <b>21.29</b> | <b>16.46</b>            | <b>4.84</b> | <b>28.18</b>                | <b>23.71</b>                  | <b>4.46</b> |
| Earnings from Subs                | -           | -                     | -           | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>3.33</b> | <b>3.24</b>           | <b>0.08</b> | <b>21.29</b> | <b>16.46</b>            | <b>4.84</b> | <b>28.18</b>                | <b>23.71</b>                  | <b>4.46</b> |

| Field Operations O&M | Nov           | MTD PE        | Variance      | Nov YTD        | YTD Plan       | Variance    | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|---------------|----------------|----------------|-------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.26)</b> | <b>(1.16)</b> | <b>(0.10)</b> | <b>(14.93)</b> | <b>(14.94)</b> | <b>0.01</b> | <b>(15.78)</b> | <b>(15.92)</b> | <b>0.14</b> |

| Capital                 | Nov         | MTD PE <sup>[5]</sup> | Variance    | Nov YTD      | YTD Plan     | Variance      | Full Year PE | Full Year Plan | Variance    |
|-------------------------|-------------|-----------------------|-------------|--------------|--------------|---------------|--------------|----------------|-------------|
| <b>Total OpCo CapEx</b> | <b>8.41</b> | <b>7.67</b>           | <b>0.74</b> | <b>63.04</b> | <b>65.12</b> | <b>(2.08)</b> | <b>71.24</b> | <b>70.15</b>   | <b>1.09</b> |
| Corporate Services      | 0.48        | 0.65                  | (0.17)      | 7.75         | 6.60         | 1.15          | 9.20         | 7.11           | 2.10        |
| <b>Total Cap Ex</b>     | <b>8.89</b> | <b>8.32</b>           | <b>0.58</b> | <b>70.79</b> | <b>71.72</b> | <b>(0.93)</b> | <b>80.45</b> | <b>77.26</b>   | <b>3.19</b> |

| Curret Month PE Adjustments |             |
|-----------------------------|-------------|
| <b>Net</b>                  | <b>1.49</b> |

| Risks/Upsides |             |
|---------------|-------------|
| <b>Net</b>    | <b>0.29</b> |

| ROE        | Allowed      | 10&2 PE      |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.53%</b> |

- [1] MTD PE represents 10&2 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 11&1 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings \$0.87M

- Total Other Taxes** \$0.90M favorable due to Property Tax (PE Timing)
- Net Revenue** \$0.42M Base Retail Margin and S&O above forecast
- Corporate Functions** (\$0.29M) primarily unfavorable due to timing items
- Field Operations** (\$0.10M) primarily unfavorable due to labor

### Total Other Income (Deductions) (\$0.14M)

- Interest Expense (T) and AFUDC Equity Unfavorability
- Capital**
- Total CKY capital spend over YTD by \$0.7M, driven by indirects. FY forecast in-line with authorized.

### Risks/Upsides \$0.29M

- Corporate Functions** \$1.00M Projected Year End Favorability
- Gas Operations** (\$0.27M) work plan risk
- Total Other Income (Deductions)** (\$0.24M) Net risk due to Interest and Penalties from Property Tax Payment
- Total Other Taxes** (\$0.20M) risk due to CKY Occupational Taxes

### Current Month PE's \$1.49M

- Total Other Taxes** \$1.80M Current year favorability \$1.30M, PY 2024 true up \$0.50M
- Net Revenue** \$0.35M YTD favorability
- Depreciation** \$0.16M Depreciation Favorability, slightly offset by Amortization HW/SW run rate updates
- Corporate Functions** (\$0.76M) Vacation Labor Accrual, Treasure Data Center, and Uncollectibles
- Indirect Expenses** (\$0.06M) STI & LTI Allocations

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Nov 2025                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual       | YTD Plan         | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 10&2 PE          | Current Month PE's | Proposed PE      | Risks & Upsides | YE Forecast      |
|---------------------------|-----------------|-----------------|----------------|------------------|------------------|----------------|------------------|----------------|------------------|--------------------|------------------|-----------------|------------------|
| Residential               | \$ 8.32         | \$ 8.32         | \$ (0.00)      | \$ 71.35         | \$ 69.04         | \$ 2.31        | \$ 80.06         | \$ 2.75        | \$ 82.81         | \$ -               | \$ 82.81         | \$ -            | \$ 82.81         |
| Commercial                | 3.57            | 3.37            | 0.20           | 33.85            | 32.04            | 1.81           | 36.52            | 1.49           | 38.01            | -                  | 38.01            | -               | 38.01            |
| Industrial                | 0.79            | 0.74            | 0.05           | 7.99             | 7.52             | 0.48           | 8.30             | 0.41           | 8.71             | -                  | 8.71             | -               | 8.71             |
| Rate Case Outcome         | -               | -               | -              | -                | -                | -              | -                | -              | -                | -                  | -                | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 12.68</b> | <b>\$ 12.43</b> | <b>\$ 0.25</b> | <b>\$ 113.19</b> | <b>\$ 108.59</b> | <b>\$ 4.60</b> | <b>\$ 124.87</b> | <b>\$ 4.66</b> | <b>\$ 129.53</b> | <b>\$ -</b>        | <b>\$ 129.53</b> | <b>\$ -</b>     | <b>\$ 129.53</b> |
| Capital Trackers          | 0.83            | 1.21            | (0.38)         | 10.17            | 10.16            | 0.01           | 12.11            | (0.31)         | 11.79            | -                  | 11.79            | -               | 11.79            |
| Supply & Optimization     | 0.26            | 0.07            | 0.19           | 2.64             | -                | 2.64           | -                | 2.53           | 2.53             | -                  | 2.53             | -               | 2.53             |
| Other Misc. Revenue       | 0.41            | 0.06            | 0.35           | 0.71             | 0.55             | 0.16           | 0.63             | (0.13)         | 0.50             | 0.35               | 0.85             | -               | 0.85             |
| <b>Net Revenue</b>        | <b>\$ 14.18</b> | <b>\$ 13.77</b> | <b>\$ 0.42</b> | <b>\$ 126.71</b> | <b>\$ 119.30</b> | <b>\$ 7.41</b> | <b>\$ 137.61</b> | <b>\$ 6.74</b> | <b>\$ 144.35</b> | <b>\$ 0.35</b>     | <b>\$ 144.70</b> | <b>\$ -</b>     | <b>\$ 144.70</b> |

| Customer Count |         |         |      |           |           |
|----------------|---------|---------|------|-----------|-----------|
| Residential    | 124,347 | 123,749 | 598  | 1,365,205 | 1,361,844 |
| Commercial     | 13,768  | 13,843  | (75) | 151,271   | 152,512   |
| Industrial     | 113     | 114     | (1)  | 1,237     | 1,245     |

| Normalized Volumes |           |           |          |            |            |
|--------------------|-----------|-----------|----------|------------|------------|
| Residential        | 915,967   | 926,741   | (10,774) | 6,777,052  | 6,831,982  |
| Commercial         | 899,723   | 898,020   | 1,703    | 7,391,099  | 7,544,787  |
| Industrial         | 1,355,974 | 1,419,265 | (63,291) | 15,607,240 | 14,985,178 |

### MTD Highlights

- **Base Retail Margin \$0.25M:** Blended rates in Commercial and Industrial above forecast
- **Supply & Optimization \$0.19M:** Higher sales activity

### Current Month PE Adjustment Highlights: \$0.35M

- **YTD favorability \$0.35M:** November favorability driven by Base Retail Margin and Supply & Optimization above forecast, partially offset by SMRP

### Risks & Upsides

- N/A



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Nov 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 10&2 PE           | Current Month PE's | Proposed PE       |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Operations and Safety            | \$ (0.74)        | \$ (0.71)        | \$ (0.03)        | [1] | \$ (7.84)         | \$ (6.63)         | \$ (1.20)        | \$ (7.21)         | \$ (1.38)        | \$ (8.59)         | \$ 0.07            | \$ (8.52)         |
| Pres, Reg, Sust & Supply Chain   | (0.09)           | (0.10)           | 0.02             |     | (0.90)            | (0.45)            | (0.45)           | (0.53)            | (0.50)           | (1.03)            | 0.01               | (1.02)            |
| Admin Svcs and HR                | (0.20)           | (0.15)           | (0.05)           | [2] | (1.87)            | (1.72)            | (0.15)           | (1.75)            | (0.30)           | (2.05)            | (0.01)             | (2.06)            |
| Executive                        | (0.03)           | (0.00)           | (0.03)           |     | (0.34)            | (0.21)            | (0.13)           | (0.23)            | (0.09)           | (0.33)            | (0.00)             | (0.33)            |
| Finance                          | (0.67)           | (0.37)           | (0.30)           | [3] | (3.89)            | (3.68)            | (0.21)           | (4.05)            | (0.11)           | (4.16)            | (0.73)             | (4.89)            |
| General Counsel                  | (0.04)           | (0.10)           | 0.05             |     | (0.54)            | (0.72)            | 0.18             | (0.82)            | 0.12             | (0.70)            | 0.04               | (0.66)            |
| Technology, Customer & Comm      | (0.50)           | (0.41)           | (0.09)           | [4] | (10.38)           | (9.61)            | (0.77)           | (10.32)           | (0.83)           | (11.15)           | (0.13)             | (11.28)           |
| Other G&A                        | (0.61)           | (0.75)           | 0.14             | [5] | (2.15)            | (2.23)            | 0.08             | (2.44)            | (0.27)           | (2.71)            | 0.09               | (2.62)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.89)</b> | <b>\$ (2.60)</b> | <b>\$ (0.29)</b> |     | <b>\$ (27.91)</b> | <b>\$ (25.26)</b> | <b>\$ (2.64)</b> | <b>\$ (27.35)</b> | <b>\$ (3.36)</b> | <b>\$ (30.71)</b> | <b>\$ (0.69)</b>   | <b>\$ (31.40)</b> |
| Short-Term Incentive             | (0.19)           | (0.26)           | 0.07             |     | (2.62)            | (2.00)            | (0.63)           | (2.18)            | (0.87)           | (3.04)            | 0.01               | (3.04)            |
| Long-Term Incentive              | (0.14)           | (0.15)           | 0.01             |     | (1.61)            | (1.78)            | 0.17             | (1.94)            | (0.00)           | (1.95)            | 0.01               | (1.94)            |
| Employee Benefits                | (0.49)           | (0.41)           | (0.09)           |     | (4.77)            | (4.13)            | (0.63)           | (4.62)            | (0.51)           | (5.13)            | (0.07)             | (5.20)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.83)</b> | <b>\$ (0.82)</b> | <b>\$ (0.01)</b> | [6] | <b>\$ (9.00)</b>  | <b>\$ (7.91)</b>  | <b>\$ (1.09)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.38)</b> | <b>\$ (10.12)</b> | <b>\$ (0.06)</b>   | <b>\$ (10.18)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.72)</b> | <b>\$ (3.42)</b> | <b>\$ (0.29)</b> |     | <b>\$ (36.90)</b> | <b>\$ (33.17)</b> | <b>\$ (3.73)</b> | <b>\$ (36.09)</b> | <b>\$ (4.75)</b> | <b>\$ (40.83)</b> | <b>\$ (0.75)</b>   | <b>\$ (41.58)</b> |

## MTD Highlights

- Operations and Safety:** Projects plan geography (\$0.03)
- Admin Svcs & HR:** HR invoice timing - duplicate accrual (\$0.05) (T)
- Finance:** Tax reclass timing (\$0.3)
- Technology, Customer & Comm:** Uncollectibles (\$0.05)
- Other G&A:** Other Taxes \$0.08, Labor accrual \$0.05
- Indirect Expenses:** STI allocations, Employee Medical

## Current Month PE Adjustment Highlights

- Finance:** Treasury Data Center PE adjustment made at NCS
- Technology Customer & Comm:** Uncollectibles update to full year forecast (\$0.12)
- Other G&A:** Driven by vacation labor accrual
- Indirects:** STI & LTI Allocations, 401k projection update

Remaining Proposed PE Adj are due to planned vs. actual allocation rates. We will continue to monitor and update rates if trend continues.

# Columbia Gas of Kentucky – Monthly Summary

| Dec 2025                          | Dec         | MTD PE <sup>[1]</sup> | Variance      | Dec YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year PE <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance    |
|-----------------------------------|-------------|-----------------------|---------------|--------------|-------------------------|-------------|-----------------------------|-------------------------------|-------------|
| Net Revenue                       | 18.33       | 17.99                 | 0.34          | 145.04       | 137.61                  | 7.43        | 144.70                      | 137.61                        | 7.09        |
| O&M                               | (4.81)      | (5.70)                | 0.89          | (58.69)      | (54.31)                 | (4.38)      | (59.58)                     | (54.31)                       | (5.27)      |
| Depreciation                      | (2.36)      | (2.40)                | 0.04          | (28.21)      | (29.02)                 | 0.82        | (28.25)                     | (29.02)                       | 0.77        |
| Total Other Taxes                 | (1.47)      | (0.15)                | (1.33)        | (8.34)       | (10.54)                 | 2.19        | (7.01)                      | (10.54)                       | 3.52        |
| Gain/(Loss) on Sale or Impairment | -           | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Operating Earnings</b>         | <b>9.68</b> | <b>9.74</b>           | <b>(0.06)</b> | <b>49.80</b> | <b>43.74</b>            | <b>6.06</b> | <b>49.86</b>                | <b>43.74</b>                  | <b>6.12</b> |
| Total Other Income (Deductions)   | (1.01)      | (0.88)                | (0.14)        | (13.33)      | (13.57)                 | 0.24        | (13.19)                     | (13.57)                       | 0.38        |
| <b>Pre-Tax Earnings</b>           | <b>8.67</b> | <b>8.86</b>           | <b>(0.19)</b> | <b>36.48</b> | <b>30.17</b>            | <b>6.30</b> | <b>36.67</b>                | <b>30.17</b>                  | <b>6.50</b> |
| Income Taxes                      | (2.42)      | (2.11)                | (0.31)        | (8.93)       | (6.46)                  | (2.47)      | (8.62)                      | (6.46)                        | (2.16)      |
| Effective Tax Rate                | 27.9%       | 23.8%                 | 4.1%          | 24.5%        | 21.4%                   | 3.1%        | 23.5%                       | 21.4%                         | 2.1%        |
| <b>Net Operating Earning</b>      | <b>6.25</b> | <b>6.75</b>           | <b>(0.50)</b> | <b>27.55</b> | <b>23.71</b>            | <b>3.83</b> | <b>28.05</b>                | <b>23.71</b>                  | <b>4.34</b> |
| Earnings from Subs                | -           | -                     | -             | -            | -                       | -           | -                           | -                             | -           |
| <b>Net Income</b>                 | <b>6.25</b> | <b>6.75</b>           | <b>(0.50)</b> | <b>27.55</b> | <b>23.71</b>            | <b>3.83</b> | <b>28.05</b>                | <b>23.71</b>                  | <b>4.34</b> |

| Field Operations O&M | Dec           | MTD PE        | Variance      | Dec YTD        | YTD Plan       | Variance      | Full Year PE   | Full Year Plan | Variance    |
|----------------------|---------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|-------------|
| <b>Total</b>         | <b>(1.62)</b> | <b>(0.85)</b> | <b>(0.77)</b> | <b>(16.55)</b> | <b>(15.92)</b> | <b>(0.63)</b> | <b>(15.78)</b> | <b>(15.92)</b> | <b>0.14</b> |

| Capital                 | Dec         | MTD PE <sup>[5]</sup> | Variance      | Dec YTD      | YTD Plan     | Variance    | Full Year PE | Full Year Plan | Variance    |
|-------------------------|-------------|-----------------------|---------------|--------------|--------------|-------------|--------------|----------------|-------------|
| <b>Total OpCo CapEx</b> | <b>7.39</b> | <b>8.20</b>           | <b>(0.81)</b> | <b>70.44</b> | <b>70.15</b> | <b>0.28</b> | <b>71.24</b> | <b>70.15</b>   | <b>1.09</b> |
| Corporate Services      | 2.07        | 1.46                  | 0.61          | 9.82         | 7.11         | 2.71        | 9.20         | 7.11           | 2.10        |
| <b>Total Cap Ex</b>     | <b>9.46</b> | <b>9.66</b>           | <b>(0.19)</b> | <b>80.25</b> | <b>77.26</b> | <b>2.99</b> | <b>80.45</b> | <b>77.26</b>   | <b>3.19</b> |

| Curret Month PE Adjustments |
|-----------------------------|
| <b>Net</b> -                |

| Risks/Upsides |
|---------------|
| <b>Net</b> -  |

| ROE        | Allowed      | 2025 Actuals |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.56%</b> |

- [1] MTD PE represents 11&1 PE  
[2] YTD Plan represents 2025 AFP Final  
[3] Full Year PE represents 11&1 PE  
[4] Full Year Plan represents 2025 AFP Final  
[5] MTD PE represents 2025 AFP Final

## MTD Highlights

### Operating Earnings (\$0.06M)

- **Total Other Taxes** (\$1.33M) unfavorable due to Property Tax (DMA invoices)
- **Field Operations** (\$0.77M) primarily unfavorable due to Leak Survery, Leak Repair, PS&I, and Labor
- **Corporate Functions** \$0.97M primarily favorable due to Finance and Other G&A
- **Gas Presidents** \$0.79M primarily favorable due to Geography for Property Tax Consulting Fees
- **Net Revenue** \$0.34M Base Retail Margin and S&O above forecast

### Capital

- Total CKY capital spend under YTD by (\$0.8M), driven by underrun in services work as crews prioritized tie-ins for SMRP eligible projects

### Risks/Upsides \$0.00M

- N/A

### Current Month PE's \$0.00M

- N/A

## Columbia Gas of Kentucky - Net Revenue (\$M)

| Dec 2025                  | MTD Actual      | MTD PE          | MTD vs. PE     | YTD Actual       | YTD Plan         | YTD vs. Plan   | Full Year Plan   | YTD PE Adj     | 11&1 PE          | Var vs PE      | YE Actual        |
|---------------------------|-----------------|-----------------|----------------|------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| Residential               | \$ 11.54        | \$ 11.46        | \$ 0.08        | \$ 82.89         | \$ 80.06         | \$ 2.84        | \$ 80.06         | \$ 2.75        | \$ 82.81         | \$ 0.08        | \$ 82.89         |
| Commercial                | 4.54            | 4.36            | 0.18           | 38.38            | 36.52            | 1.87           | 36.52            | 1.69           | 38.21            | 0.18           | 38.38            |
| Industrial                | 0.81            | 0.77            | 0.04           | 8.81             | 8.30             | 0.51           | 8.30             | 0.46           | 8.77             | 0.04           | 8.81             |
| Rate Case Outcome         | -               | -               | -              | -                | -                | -              | -                | -              | -                | -              | -                |
| <b>Base Retail Margin</b> | <b>\$ 16.90</b> | <b>\$ 16.59</b> | <b>\$ 0.31</b> | <b>\$ 130.09</b> | <b>\$ 124.87</b> | <b>\$ 5.21</b> | <b>\$ 124.87</b> | <b>\$ 4.91</b> | <b>\$ 129.78</b> | <b>\$ 0.31</b> | <b>\$ 130.09</b> |
| Capital Trackers          | 1.95            | 1.25            | 0.70           | 12.12            | 12.11            | 0.01           | 12.11            | (0.69)         | 11.42            | 0.70           | 12.12            |
| Supply & Optimization     | 0.28            | 0.07            | 0.21           | 2.92             | -                | 2.92           | -                | 2.71           | 2.71             | 0.21           | 2.92             |
| Other Misc. Revenue       | (0.80)          | 0.08            | (0.88)         | (0.09)           | 0.63             | (0.72)         | 0.63             | 0.16           | 0.79             | (0.88)         | (0.09)           |
| <b>Net Revenue</b>        | <b>\$ 18.33</b> | <b>\$ 17.99</b> | <b>\$ 0.34</b> | <b>\$ 145.04</b> | <b>\$ 137.61</b> | <b>\$ 7.43</b> | <b>\$ 137.61</b> | <b>\$ 7.09</b> | <b>\$ 144.70</b> | <b>\$ 0.34</b> | <b>\$ 145.04</b> |

| Customer Count |         |         |      |           |           |
|----------------|---------|---------|------|-----------|-----------|
| Residential    | 124,973 | 124,876 | 97   | 1,490,178 | 1,486,720 |
| Commercial     | 13,956  | 13,994  | (38) | 165,227   | 166,505   |
| Industrial     | 111     | 113     | (2)  | 1,348     | 1,358     |

| Normalized Volumes |           |           |          |            |            |
|--------------------|-----------|-----------|----------|------------|------------|
| Residential        | 1,414,477 | 1,440,932 | (26,455) | 8,191,529  | 8,272,915  |
| Commercial         | 1,218,522 | 1,222,828 | (4,306)  | 8,609,621  | 8,767,615  |
| Industrial         | 1,722,351 | 1,559,557 | 162,795  | 17,329,591 | 16,544,734 |

### MTD Highlights

- **Base Retail Margin \$0.31M:** Primarily driven by Commercial Blended rates and Industrial usage above forecast
- **Supply & Optimization \$0.21M:** Higher sales activity
- **Capital Trackers (\$0.17M):** SMRP in-service delay

### Current Month PE Adjustment Highlights:

- N/A

### Risks & Upsides

- N/A



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

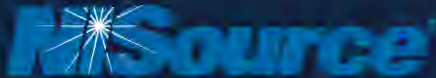
| Dec 2025                         | MTD Actual       | MTD PE           | MTD vs. PE       |     | YTD Actual        | YTD Plan          | YTD vs. Plan     | Full Year Plan    | YTD PE Adj       | 11&1 PE           | Var vs PE        | YE Actual         |
|----------------------------------|------------------|------------------|------------------|-----|-------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Operations and Safety            | \$ (0.59)        | \$ (0.69)        | \$ 0.10          | [1] | \$ (8.42)         | \$ (7.21)         | \$ (1.22)        | \$ (7.21)         | \$ (1.32)        | \$ (8.52)         | \$ 0.10          | \$ (8.42)         |
| Pres, Reg, Sust & Supply Chain   | (0.12)           | (0.12)           | (0.00)           |     | (1.02)            | (0.53)            | (0.50)           | (0.53)            | (0.49)           | (1.02)            | (0.00)           | (1.02)            |
| Admin Svcs and HR                | (0.19)           | (0.15)           | (0.04)           | [2] | (2.10)            | (1.75)            | (0.35)           | (1.75)            | (0.31)           | (2.06)            | (0.04)           | (2.10)            |
| Executive                        | (0.03)           | 0.01             | (0.04)           |     | (0.37)            | (0.23)            | (0.13)           | (0.23)            | (0.10)           | (0.33)            | (0.04)           | (0.37)            |
| Finance                          | (0.35)           | (1.00)           | 0.65             | [3] | (4.25)            | (4.05)            | (0.20)           | (4.05)            | (0.84)           | (4.89)            | 0.65             | (4.25)            |
| General Counsel                  | (0.07)           | (0.13)           | 0.06             |     | (0.61)            | (0.82)            | 0.21             | (0.82)            | 0.15             | (0.66)            | 0.06             | (0.61)            |
| Technology, Customer & Comm      | (1.22)           | (0.13)           | (1.09)           | [4] | (12.38)           | (10.32)           | (2.06)           | (10.32)           | (0.97)           | (11.28)           | (1.09)           | (12.38)           |
| Other G&A                        | 0.05             | (1.29)           | 1.34             | [5] | (1.28)            | (2.44)            | 1.16             | (2.44)            | (0.18)           | (2.62)            | 1.34             | (1.28)            |
| <b>Total Direct Expenses</b>     | <b>\$ (2.52)</b> | <b>\$ (3.49)</b> | <b>\$ 0.97</b>   |     | <b>\$ (30.42)</b> | <b>\$ (27.35)</b> | <b>\$ (3.08)</b> | <b>\$ (27.35)</b> | <b>\$ (4.05)</b> | <b>\$ (31.40)</b> | <b>\$ 0.97</b>   | <b>\$ (30.42)</b> |
| Short-Term Incentive             | (0.43)           | (0.42)           | (0.01)           |     | (3.05)            | (2.18)            | (0.87)           | (2.18)            | (0.86)           | (3.04)            | (0.01)           | (3.05)            |
| Long-Term Incentive              | (0.39)           | (0.33)           | (0.05)           |     | (1.99)            | (1.94)            | (0.05)           | (1.94)            | 0.00             | (1.94)            | (0.05)           | (1.99)            |
| Employee Benefits                | (0.48)           | (0.44)           | (0.04)           |     | (5.24)            | (4.62)            | (0.63)           | (4.62)            | (0.58)           | (5.20)            | (0.04)           | (5.24)            |
| <b>Total Indirect Expenses</b>   | <b>\$ (1.29)</b> | <b>\$ (1.18)</b> | <b>\$ (0.11)</b> | [6] | <b>\$ (10.29)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.55)</b> | <b>\$ (8.74)</b>  | <b>\$ (1.44)</b> | <b>\$ (10.18)</b> | <b>\$ (0.11)</b> | <b>\$ (10.29)</b> |
| <b>Total Corporate Functions</b> | <b>\$ (3.81)</b> | <b>\$ (4.68)</b> | <b>\$ 0.87</b>   |     | <b>\$ (40.71)</b> | <b>\$ (36.09)</b> | <b>\$ (4.63)</b> | <b>\$ (36.09)</b> | <b>\$ (5.49)</b> | <b>\$ (41.58)</b> | <b>\$ 0.87</b>   | <b>\$ (40.71)</b> |

## MTD Highlights

- Operations and Safety:** Aligns with anticipated YE favorability
- Admin Svcs & HR:** Variance due to 11-1 PE Allocation
- Finance:** Generally aligns with expected upside
- Technology, Customer & Comm:** Depreciation Geography with Other G&A (\$1.07) partially offset by anticipated YE favorability
- Other G&A:** Other Taxes \$0.12, Labor accrual \$0.11, Depreciation Geography \$1.07
- Indirect Expenses:** Scorecard Updates combined with Employee Medical

## Current Month PE Adjustment Highlights

- N/A



# Columbia Gas of Kentucky – Monthly Summary

| Jan 2026                          | Jan          | MTD Adjusted Budget <sup>[1]</sup> | Variance    | Jan YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year Adjusted Budget <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance      |
|-----------------------------------|--------------|------------------------------------|-------------|--------------|-------------------------|-------------|------------------------------------------|-------------------------------|---------------|
| Net Revenue                       | 21.05        | 20.63                              | 0.42        | 21.05        | 20.63                   | 0.42        | 147.71                                   | 147.71                        | -             |
| O&M                               | (4.63)       | (4.72)                             | 0.09        | (4.63)       | (4.72)                  | 0.09        | (57.79)                                  | (57.37)                       | (0.41)        |
| Depreciation                      | (2.48)       | (2.43)                             | (0.05)      | (2.48)       | (2.43)                  | (0.05)      | (29.87)                                  | (29.87)                       | -             |
| Total Other Taxes                 | (0.85)       | (0.83)                             | (0.02)      | (0.85)       | (0.83)                  | (0.02)      | (9.96)                                   | (9.96)                        | 0.00          |
| Gain/(Loss) on Sale or Impairment | -            | -                                  | -           | -            | -                       | -           | -                                        | -                             | -             |
| <b>Operating Earnings</b>         | <b>13.09</b> | <b>12.65</b>                       | <b>0.44</b> | <b>13.09</b> | <b>12.65</b>            | <b>0.44</b> | <b>50.09</b>                             | <b>50.50</b>                  | <b>(0.41)</b> |
| Total Other Income (Deductions)   | (1.09)       | (1.07)                             | (0.02)      | (1.09)       | (1.07)                  | (0.02)      | (12.71)                                  | (13.07)                       | 0.35          |
| <b>Pre-Tax Earnings</b>           | <b>11.99</b> | <b>11.58</b>                       | <b>0.42</b> | <b>11.99</b> | <b>11.58</b>            | <b>0.42</b> | <b>37.38</b>                             | <b>37.44</b>                  | <b>(0.06)</b> |
| Income Taxes                      | (2.91)       | (2.80)                             | (0.12)      | (2.91)       | (2.80)                  | (0.12)      | (8.15)                                   | (8.16)                        | 0.00          |
| Effective Tax Rate                | 24.3%        | 24.1%                              | 0.1%        | 24.3%        | 24.1%                   | 0.1%        | 21.8%                                    | 21.8%                         | 0.0%          |
| <b>Net Operating Earning</b>      | <b>9.08</b>  | <b>8.78</b>                        | <b>0.30</b> | <b>9.08</b>  | <b>8.78</b>             | <b>0.30</b> | <b>29.22</b>                             | <b>29.28</b>                  | <b>(0.06)</b> |
| Earnings from Subs                | -            | -                                  | -           | -            | -                       | -           | -                                        | -                             | -             |
| <b>Net Income</b>                 | <b>9.08</b>  | <b>8.78</b>                        | <b>0.30</b> | <b>9.08</b>  | <b>8.78</b>             | <b>0.30</b> | <b>29.22</b>                             | <b>29.28</b>                  | <b>(0.06)</b> |

| Field Operations O&M | Jan           | MTD Adjusted Budget | Variance    | Jan YTD       | YTD Plan      | Variance    | Full Year Adjusted Budget | Full Year Plan | Variance    |
|----------------------|---------------|---------------------|-------------|---------------|---------------|-------------|---------------------------|----------------|-------------|
| <b>Total</b>         | <b>(1.16)</b> | <b>(1.21)</b>       | <b>0.05</b> | <b>(1.16)</b> | <b>(1.21)</b> | <b>0.05</b> | <b>(15.78)</b>            | <b>(15.78)</b> | <b>0.00</b> |

| Capital                 | Jan         | MTD Adjusted Budget <sup>[5]</sup> | Variance      | Jan YTD     | YTD Plan    | Variance      | Full Year Adjusted Budget | Full Year Plan | Variance    |
|-------------------------|-------------|------------------------------------|---------------|-------------|-------------|---------------|---------------------------|----------------|-------------|
| <b>Total OpCo CapEx</b> | <b>5.11</b> | <b>5.33</b>                        | <b>(0.22)</b> | <b>4.42</b> | <b>5.15</b> | <b>(0.73)</b> | <b>74.81</b>              | <b>72.94</b>   | <b>1.87</b> |
| Corporate Services      | 0.81        | 0.79                               | 0.01          | 0.81        | 0.18        | 0.63          | 7.17                      | 8.93           | (1.75)      |
| <b>Total Cap Ex</b>     | <b>5.91</b> | <b>6.12</b>                        | <b>(0.20)</b> | <b>5.22</b> | <b>5.33</b> | <b>(0.10)</b> | <b>81.98</b>              | <b>81.87</b>   | <b>0.11</b> |

| Curret Month Budget Adjustments |               |
|---------------------------------|---------------|
| <b>Net</b>                      | <b>(0.42)</b> |

| Risks/Upsides |          |
|---------------|----------|
| <b>Net</b>    | <b>-</b> |

| ROE | Allowed | 2026 0&12 |
|-----|---------|-----------|
| CKY | 9.75%   | 8.35%     |

- [1] MTD Adjusted Budget represents 0&12 Adjusted Budget  
[2] YTD Plan represents 2026 0&12  
[3] Full Year Adjusted Budget represents Working Adjusted Budget  
[4] Full Year Plan represents Adjusted Budget 0-12 - 2026  
[5] MTD Adjusted Budget represents 2026 0&12

## MTD Highlights

### Operating Earnings \$0.44M

- **Net Revenue** \$0.42M Base Retail Margin and PBR
- **Operations and Safety** \$0.09M primarily (G) from various Depts.
- **Field Operations** \$0.05M primarily due to Leak Survey credit, offset by Labor
- **Indirect Expenses** (\$0.12M) primarily Employee Medical
- **Depreciation** (\$0.05M) primarily Amortization

### Capital

- Total CKY capital spend under YTD by (\$0.22M), driven by lost working days due to weather (T); partially offset by indirects.

### Risks/Upsides \$0.00M

- N/A

### Current Month Budget Adjustment's (\$0.42M)

- **Corporate Functions** (\$0.62M) AGA/SGA Dues transfer from Presidents (\$0.07M) (G), Work Management (G) with NSI (\$0.30M), and Incremental TAM implementation funding and various (G) project moves (\$0.25M)
- **Indirect Expenses** \$0.13M LTIP Scorecard update
- **Gas Presidents** \$0.07M AGA/SGA Dues transfer to Mojica Admin (G)

# Columbia Gas of Kentucky - Net Revenue (\$M)

|                           |                 |                           | MTD<br>vs.<br>Adjusted<br>Budget |                 |                 | YTD<br>vs. Plan* |                   |                           |                             |                                           |                               | Risks<br>&<br>Upsides | YE<br>Forecast   |
|---------------------------|-----------------|---------------------------|----------------------------------|-----------------|-----------------|------------------|-------------------|---------------------------|-----------------------------|-------------------------------------------|-------------------------------|-----------------------|------------------|
| Jan 2026                  | Jan             | MTD<br>Adjusted<br>Budget |                                  | Jan YTD         | YTD<br>Plan*    |                  | Full Year<br>Plan | YTD Budget<br>Adjustments | Prior<br>Adjusted<br>Budget | Current<br>Month<br>Budget<br>Adjustments | Current<br>Adjusted<br>Budget |                       |                  |
| Residential               | \$ 13.57        | \$ 13.43                  | \$ 0.14                          | \$ 13.57        | \$ 13.43        | \$ 0.14          | \$ 82.23          | \$ -                      | \$ 82.23                    | \$ -                                      | \$ 82.23                      | \$ -                  | \$ 82.23         |
| Commercial                | 4.95            | 4.89                      | 0.06                             | 4.95            | 4.89            | 0.06             | 37.64             | -                         | 37.64                       | -                                         | 37.64                         | -                     | 37.64            |
| Industrial                | 0.92            | 0.82                      | 0.09                             | 0.92            | 0.82            | 0.09             | 8.13              | -                         | 8.13                        | -                                         | 8.13                          | -                     | 8.13             |
| Rate Case Outcome         | -               | -                         | -                                | -               | -               | -                | -                 | -                         | -                           | -                                         | -                             | -                     | -                |
| <b>Base Retail Margin</b> | <b>\$ 19.44</b> | <b>\$ 19.13</b>           | <b>\$ 0.30</b>                   | <b>\$ 19.44</b> | <b>\$ 19.13</b> | <b>\$ 0.30</b>   | <b>\$ 128.00</b>  | <b>\$ -</b>               | <b>\$ 128.00</b>            | <b>\$ -</b>                               | <b>\$ 128.00</b>              | <b>\$ -</b>           | <b>\$ 128.00</b> |
| Capital Trackers          | 3.28            | 1.30                      | 1.98                             | 3.28            | 1.30            | 1.98             | 17.93             | -                         | 17.93                       | -                                         | 17.93                         | -                     | 17.93            |
| Supply & Optimization     | 0.20            | 0.08                      | 0.12                             | 0.20            | 0.08            | 0.12             | 0.94              | -                         | 0.94                        | -                                         | 0.94                          | -                     | 0.94             |
| Other Misc. Revenue       | (1.86)          | 0.13                      | (1.99)                           | (1.86)          | 0.13            | (1.99)           | 0.84              | 0.0                       | 0.84                        | -                                         | 0.84                          | -                     | 0.84             |
| <b>Net Revenue</b>        | <b>\$ 21.05</b> | <b>\$ 20.63</b>           | <b>\$ 0.42</b>                   | <b>\$ 21.05</b> | <b>\$ 20.63</b> | <b>\$ 0.42</b>   | <b>\$ 147.71</b>  | <b>\$ 0.00</b>            | <b>\$ 147.71</b>            | <b>\$ -</b>                               | <b>\$ 147.71</b>              | <b>\$ -</b>           | <b>\$ 147.71</b> |

| Customer Count |         |         |       |         |         |       |
|----------------|---------|---------|-------|---------|---------|-------|
| Residential    | 125,307 | 125,491 | (184) | 125,307 | 125,491 | (184) |
| Commercial     | 14,014  | 13,992  | 22    | 14,014  | 13,992  | 22    |
| Industrial     | 112     | 114     | (2)   | 112     | 114     | (2)   |

| Normalized Volumes |           |           |          |           |           |          |
|--------------------|-----------|-----------|----------|-----------|-----------|----------|
| Residential        | 1,749,327 | 1,761,685 | (12,358) | 1,749,327 | 1,761,685 | (12,358) |
| Commercial         | 1,451,561 | 1,479,916 | (28,356) | 1,451,561 | 1,479,916 | (28,356) |
| Industrial         | 1,872,638 | 1,634,560 | 238,077  | 1,872,638 | 1,634,560 | 238,077  |

## MTD Highlights

- **Base Retail Margin \$0.30M:** Residential
- **Capital Trackers \$1.98M:** SMRP geography with Other Misc. Rev
- **Supply & Optimization \$0.12M:** PBR above forecast
- **Other Misc. Revenue (\$1.99M):** SMRP geography with Capital Trackers

## Current Month Budget Adjustment Highlights:

- N/A

## Risks & Upsides

- N/A



# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Jan 2026                         |           | Jan           | MTD Adjusted Budget | MTD vs. Adjusted Budget | Jan YTD          | YTD Plan*        | YTD vs. Plan*    | Full Year Plan    | YTD Budget Adjustments | Prior Adjusted Budget | Current Month Budget Adjustments | Current Adjusted Budget |
|----------------------------------|-----------|---------------|---------------------|-------------------------|------------------|------------------|------------------|-------------------|------------------------|-----------------------|----------------------------------|-------------------------|
| Operations and Safety            | \$        | (0.62)        | \$ (0.71)           | \$ 0.09 [1]             | \$ (0.62)        | \$ (0.71)        | \$ 0.09          | \$ (8.40)         | \$ -                   | \$ (8.40)             | \$ (0.41)                        | \$ (8.82)               |
| Pres, Reg, Sust & Supply Chain   |           | (0.10)        | (0.12)              | 0.02                    | (0.10)           | (0.12)           | 0.02             | (1.39)            | -                      | (1.39)                | 0.02                             | (1.37)                  |
| Admin Svcs and HR                |           | (0.22)        | (0.18)              | (0.05) [2]              | (0.22)           | (0.18)           | (0.05)           | (2.12)            | -                      | (2.12)                | 0.00                             | (2.12)                  |
| Executive                        |           | (0.03)        | (0.02)              | (0.01)                  | (0.03)           | (0.02)           | (0.01)           | (0.28)            | -                      | (0.28)                | 0.01                             | (0.27)                  |
| Finance                          |           | (0.28)        | (0.31)              | 0.02                    | (0.28)           | (0.31)           | 0.02             | (3.59)            | -                      | (3.59)                | 0.01                             | (3.58)                  |
| General Counsel                  |           | (0.03)        | (0.08)              | 0.06                    | (0.03)           | (0.08)           | 0.06             | (0.97)            | -                      | (0.97)                | (0.01)                           | (0.97)                  |
| Technology, Customer & Comm      |           | (0.88)        | (0.98)              | 0.10 [3]                | (0.96)           | (0.98)           | 0.02             | (10.68)           | -                      | (10.68)               | (0.25)                           | (10.93)                 |
| Other G&A                        |           | (0.31)        | (0.21)              | (0.10) [4]              | (0.23)           | (0.21)           | (0.02)           | (2.39)            | -                      | (2.39)                | 0.01                             | (2.38)                  |
| <b>Total Direct Expenses</b>     | <b>\$</b> | <b>(2.47)</b> | <b>\$ (2.61)</b>    | <b>\$ 0.14</b>          | <b>\$ (2.47)</b> | <b>\$ (2.61)</b> | <b>\$ 0.14</b>   | <b>\$ (29.83)</b> | <b>\$ -</b>            | <b>\$ (29.83)</b>     | <b>\$ (0.62)</b>                 | <b>\$ (30.44)</b>       |
| Short-Term Incentive             |           | (0.17)        | (0.19)              | 0.01                    | (0.17)           | (0.19)           | 0.01             | (2.24)            | -                      | (2.24)                | 0.01                             | (2.23)                  |
| Long-Term Incentive              |           | (0.16)        | (0.19)              | 0.03                    | (0.16)           | (0.19)           | 0.03             | (2.40)            | -                      | (2.40)                | 0.13                             | (2.27)                  |
| Employee Benefits                |           | (0.49)        | (0.33)              | (0.16)                  | (0.49)           | (0.33)           | (0.16)           | (4.75)            | -                      | (4.75)                | 0.00                             | (4.75)                  |
| <b>Total Indirect Expenses</b>   | <b>\$</b> | <b>(0.83)</b> | <b>\$ (0.71)</b>    | <b>\$ (0.12)</b> [5]    | <b>\$ (0.83)</b> | <b>\$ (0.71)</b> | <b>\$ (0.12)</b> | <b>\$ (9.40)</b>  | <b>\$ -</b>            | <b>\$ (9.40)</b>      | <b>\$ 0.14</b>                   | <b>\$ (9.26)</b>        |
| <b>Total Corporate Functions</b> | <b>\$</b> | <b>(3.30)</b> | <b>\$ (3.32)</b>    | <b>\$ 0.02</b>          | <b>\$ (3.30)</b> | <b>\$ (3.32)</b> | <b>\$ 0.02</b>   | <b>\$ (39.22)</b> | <b>\$ -</b>            | <b>\$ (39.22)</b>     | <b>\$ (0.47)</b>                 | <b>\$ (39.70)</b>       |

## MTD Highlights

- Operations and Safety:** Accrual/invoice reclass to GenCo
- Admin Svcs and HR Real Estate:** Increased snow removal expense
- Technology, Customer & Comm:** Software timing
- Other G&A:** Vacation accrual
- Indirects:** Employee Medical

## Current Month Budget Adjustment Highlights

- Operations and Safety:** AGA dues geography (\$0.07), Work Management geography with NSI (\$0.3)
- Technology, Customer & Comm:** IT: Incremental TAM implementation funding combined with various project geography moves
- Long-Term Incentive:** LTIP Scorecard update

# Columbia Gas of Kentucky – Monthly Summary

| Feb 2026                          | Feb          | MTD Adjusted Budget <sup>[1]</sup> | Variance    | Feb YTD      | YTD Plan <sup>[2]</sup> | Variance    | Full Year Adjusted Budget <sup>[3]</sup> | Full Year Plan <sup>[4]</sup> | Variance      |
|-----------------------------------|--------------|------------------------------------|-------------|--------------|-------------------------|-------------|------------------------------------------|-------------------------------|---------------|
| Net Revenue                       | 19.43        | 18.25                              | 1.18        | 40.48        | 38.88                   | 1.60        | 147.71                                   | 147.71                        | 0.00          |
| O&M                               | (4.65)       | (4.93)                             | 0.28        | (9.28)       | (9.69)                  | 0.41        | (57.84)                                  | (57.37)                       | (0.47)        |
| Depreciation                      | (2.52)       | (2.44)                             | (0.08)      | (5.00)       | (4.88)                  | (0.12)      | (29.87)                                  | (29.87)                       | -             |
| Total Other Taxes                 | (0.82)       | (0.83)                             | 0.01        | (1.66)       | (1.66)                  | (0.01)      | (9.96)                                   | (9.96)                        | 0.00          |
| Gain/(Loss) on Sale or Impairment | -            | -                                  | -           | -            | -                       | -           | -                                        | -                             | -             |
| <b>Operating Earnings</b>         | <b>11.45</b> | <b>10.05</b>                       | <b>1.40</b> | <b>24.53</b> | <b>22.65</b>            | <b>1.89</b> | <b>50.03</b>                             | <b>50.50</b>                  | <b>(0.47)</b> |
| Total Other Income (Deductions)   | (0.93)       | (0.92)                             | (0.00)      | (2.02)       | (2.05)                  | 0.03        | (12.65)                                  | (13.07)                       | 0.41          |
| <b>Pre-Tax Earnings</b>           | <b>10.52</b> | <b>9.13</b>                        | <b>1.39</b> | <b>22.51</b> | <b>20.60</b>            | <b>1.92</b> | <b>37.38</b>                             | <b>37.44</b>                  | <b>(0.06)</b> |
| Income Taxes                      | (2.54)       | (2.18)                             | (0.36)      | (5.45)       | (4.95)                  | (0.50)      | (8.51)                                   | (8.16)                        | (0.35)        |
| Effective Tax Rate                | 24.1%        | 23.9%                              | 0.2%        | 24.2%        | 24.0%                   | 0.2%        | 22.8%                                    | 21.8%                         | 1.0%          |
| <b>Net Operating Earning</b>      | <b>7.98</b>  | <b>6.95</b>                        | <b>1.04</b> | <b>17.06</b> | <b>15.65</b>            | <b>1.42</b> | <b>28.87</b>                             | <b>29.28</b>                  | <b>(0.41)</b> |
| Earnings from Subs                | -            | -                                  | -           | -            | -                       | -           | -                                        | -                             | -             |
| <b>Net Income</b>                 | <b>7.98</b>  | <b>6.95</b>                        | <b>1.04</b> | <b>17.06</b> | <b>15.65</b>            | <b>1.42</b> | <b>28.87</b>                             | <b>29.28</b>                  | <b>(0.41)</b> |

| Field Operations O&M | Feb           | MTD Adjusted Budget | Variance    | Feb YTD       | YTD Plan      | Variance    | Full Year Adjusted Budget | Full Year Plan | Variance    |
|----------------------|---------------|---------------------|-------------|---------------|---------------|-------------|---------------------------|----------------|-------------|
| <b>Total</b>         | <b>(1.22)</b> | <b>(1.22)</b>       | <b>0.00</b> | <b>(2.38)</b> | <b>(2.43)</b> | <b>0.05</b> | <b>(15.78)</b>            | <b>(15.78)</b> | <b>0.00</b> |

| Capital                 | Feb         | MTD Adjusted Budget <sup>[5]</sup> | Variance    | Feb YTD      | YTD Plan     | Variance      | Full Year Adjusted Budget | Full Year Plan | Variance    |
|-------------------------|-------------|------------------------------------|-------------|--------------|--------------|---------------|---------------------------|----------------|-------------|
| <b>Total OpCo CapEx</b> | <b>6.06</b> | <b>4.46</b>                        | <b>1.60</b> | <b>9.51</b>  | <b>10.18</b> | <b>(0.67)</b> | <b>74.00</b>              | <b>72.94</b>   | <b>1.05</b> |
| Corporate Services      | 0.47        | 0.37                               | 0.10        | 1.28         | 1.30         | (0.02)        | 8.45                      | 8.93           | (0.48)      |
| <b>Total Cap Ex</b>     | <b>6.53</b> | <b>4.83</b>                        | <b>1.70</b> | <b>10.79</b> | <b>11.48</b> | <b>(0.69)</b> | <b>82.45</b>              | <b>81.87</b>   | <b>0.58</b> |

| Current Month PE Adjustments |               |
|------------------------------|---------------|
| <b>Net</b>                   | <b>(0.13)</b> |

| Risks/Upsides |          |
|---------------|----------|
| <b>Net</b>    | <b>-</b> |

| ROE        | Allowed      | 2026 1&11    |
|------------|--------------|--------------|
| <b>CKY</b> | <b>9.75%</b> | <b>8.33%</b> |

[1] MTD Adjusted Budget represents Adjusted Budget 1-11 - 2026

[2] YTD Plan represents 2026 O&I2

[3] Full Year Adjusted Budget represents Working Adjusted Budget

[4] Full Year Plan represents Adjusted Budget 0-12 - 2026

[5] MTD Adjusted Budget represents Adjusted Budget 1-11 - 2026

## MTD Highlights

### Operating Earnings \$1.40M

- **Net Revenue** \$1.18M Base Retail Margin and PBR above forecast
- **Operations and Safety** \$0.24M TAM Capitalization correction (T)
- **Indirect Expenses** \$0.10M primarily LTI/STI
- **Depreciation** (\$0.08M) primarily Amortization True-up

### Capital

- Total CKY capital spend over YTD by \$1.6M, driven by catch up from prior month (T)
- FY forecast in-line with authorized

### Risks/Upsides \$0.00M

### Current Month Budget Adjustment's (\$0.13M)

- **Corporate Functions** (\$0.13M) Other G&A from Cloud Software Amortization





## Columbia Gas of Kentucky - Net Revenue (\$M)

| Feb 2026                  | Feb             | MTD Adjusted Budget | MTD vs. Adjusted Budget | Feb YTD         | YTD Plan*       | YTD vs. Plan*  | Full Year Plan   | YTD Budget Adjustments | Prior Adjusted Budget | Current Month Budget Adjustments | Current Adjusted Budget | Risks & Upsides | YE Forecast      |
|---------------------------|-----------------|---------------------|-------------------------|-----------------|-----------------|----------------|------------------|------------------------|-----------------------|----------------------------------|-------------------------|-----------------|------------------|
| Residential               | \$ 11.90        | \$ 11.59            | \$ 0.30                 | \$ 25.47        | \$ 25.02        | \$ 0.45        | \$ 82.23         | \$ 0.14                | \$ 82.38              | \$ -                             | \$ 82.38                | \$ -            | \$ 82.38         |
| Commercial                | 4.56            | 4.36                | 0.20                    | 9.51            | 9.24            | 0.26           | 37.64            | 0.06                   | 37.70                 | -                                | 37.70                   | -               | 37.70            |
| Industrial                | 0.86            | 0.78                | 0.09                    | 1.78            | 1.60            | 0.18           | 8.13             | 0.09                   | 8.22                  | -                                | 8.22                    | -               | 8.22             |
| Rate Case Outcome         | -               | -                   | -                       | -               | -               | -              | -                | -                      | -                     | -                                | -                       | -               | -                |
| <b>Base Retail Margin</b> | <b>\$ 17.32</b> | <b>\$ 16.73</b>     | <b>\$ 0.59</b>          | <b>\$ 36.75</b> | <b>\$ 35.86</b> | <b>\$ 0.89</b> | <b>\$ 128.00</b> | <b>\$ 0.30</b>         | <b>\$ 128.31</b>      | <b>\$ -</b>                      | <b>\$ 128.31</b>        | <b>\$ -</b>     | <b>\$ 128.31</b> |
| Capital Trackers          | 4.00            | 1.31                | 2.68                    | 7.28            | 2.61            | 4.67           | 17.93            | 1.98                   | 19.91                 | -                                | 19.91                   | -               | 19.91            |
| Supply & Optimization     | 0.76            | 0.08                | 0.69                    | 0.96            | 0.16            | 0.81           | 0.94             | 0.12                   | 1.06                  | -                                | 1.06                    | -               | 1.06             |
| Other Misc. Revenue       | (2.65)          | 0.13                | (2.78)                  | (4.51)          | 0.25            | (4.76)         | 0.84             | (2.4)                  | (1.57)                | -                                | (1.57)                  | -               | (1.57)           |
| <b>Net Revenue</b>        | <b>\$ 19.43</b> | <b>\$ 18.25</b>     | <b>\$ 1.18</b>          | <b>\$ 40.48</b> | <b>\$ 38.88</b> | <b>\$ 1.60</b> | <b>\$ 147.71</b> | <b>\$ -</b>            | <b>\$ 147.71</b>      | <b>\$ -</b>                      | <b>\$ 147.71</b>        | <b>\$ -</b>     | <b>\$ 147.71</b> |

| Customer Count |         |         |       |         |         |
|----------------|---------|---------|-------|---------|---------|
| Residential    | 125,527 | 125,689 | (162) | 250,834 | 251,180 |
| Commercial     | 14,031  | 14,023  | 8     | 28,045  | 28,015  |
| Industrial     | 112     | 114     | (2)   | 224     | 228     |

| Normalized Volumes |           |           |          |           |           |
|--------------------|-----------|-----------|----------|-----------|-----------|
| Residential        | 1,437,803 | 1,459,879 | (22,076) | 3,187,130 | 3,221,564 |
| Commercial         | 1,244,254 | 1,208,182 | 36,072   | 2,695,815 | 2,688,098 |
| Industrial         | 1,628,100 | 1,482,530 | 145,570  | 3,500,737 | 3,117,091 |

### MTD Highlights

- **Base Retail Margin \$0.30M:** Residential
- **Capital Trackers \$2.68M:** SMRP geography with Other Misc. Rev
- **Supply & Optimization \$0.69M:** PBR above forecast
- **Other Misc. Revenue (\$2.78M):** SMRP geography with Capital Trackers

### Current Month Budget Adjustment Highlights:

- N/A

### Risks & Upsides

- N/A

# Columbia Gas of Kentucky - Corporate Functions O&M (\$M)

| Feb 2026                         |                  | MTD Adjusted Budget | MTD vs. Adjusted Budget | Feb YTD          | YTD Plan*        | YTD vs. Plan*  | Full Year Plan    | YTD Budget Adjustments | Prior Adjusted Budget | Current Month Budget Adjustments | Current Adjusted Budget |
|----------------------------------|------------------|---------------------|-------------------------|------------------|------------------|----------------|-------------------|------------------------|-----------------------|----------------------------------|-------------------------|
| Operations and Safety            | \$ (0.48)        | \$ (0.72)           | \$ 0.24 [1]             | \$ (1.09)        | \$ (1.42)        | \$ 0.32        | \$ (8.40)         | \$ (0.42)              | \$ (8.83)             | \$ 0.01                          | \$ (8.82)               |
| Pres, Reg, Sust & Supply Chain   | (0.14)           | (0.12)              | (0.02)                  | (0.24)           | (0.24)           | 0.00           | (1.39)            | 0.02                   | (1.37)                | (0.10)                           | (1.47)                  |
| Admin Svcs and HR                | (0.12)           | (0.17)              | 0.05 [2]                | (0.35)           | (0.36)           | 0.01           | (2.12)            | 0.00                   | (2.12)                | (0.00)                           | (2.12)                  |
| Executive                        | (0.03)           | (0.02)              | (0.01)                  | (0.06)           | (0.05)           | (0.01)         | (0.28)            | 0.01                   | (0.27)                | (0.00)                           | (0.27)                  |
| Finance                          | (0.31)           | (0.30)              | (0.01)                  | (0.60)           | (0.60)           | 0.00           | (3.59)            | 0.01                   | (3.58)                | 0.02                             | (3.56)                  |
| General Counsel                  | (0.04)           | (0.09)              | 0.05                    | (0.06)           | (0.17)           | 0.10           | (0.97)            | (0.01)                 | (0.97)                | 0.03                             | (0.94)                  |
| Technology, Customer & Comm      | (0.86)           | (0.84)              | (0.02) [3]              | (1.77)           | (1.65)           | (0.11)         | (9.79)            | (0.25)                 | (10.04)               | 0.08                             | (9.96)                  |
| Other G&A                        | (0.44)           | (0.34)              | (0.10) [4]              | (0.73)           | (0.67)           | (0.06)         | (3.28)            | 0.01                   | (3.27)                | (0.13)                           | (3.40)                  |
| <b>Total Direct Expenses</b>     | <b>\$ (2.43)</b> | <b>\$ (2.61)</b>    | <b>\$ 0.18</b>          | <b>\$ (4.90)</b> | <b>\$ (5.16)</b> | <b>\$ 0.26</b> | <b>\$ (29.83)</b> | <b>\$ (0.63)</b>       | <b>\$ (30.45)</b>     | <b>\$ (0.09)</b>                 | <b>\$ (30.54)</b>       |
| Short-Term Incentive             | (0.14)           | (0.18)              | 0.04                    | (0.32)           | (0.37)           | 0.06           | (2.24)            | 0.01                   | (2.23)                | 0.00                             | (2.23)                  |
| Long-Term Incentive              | (0.17)           | (0.21)              | 0.05                    | (0.33)           | (0.43)           | 0.10           | (2.40)            | 0.13                   | (2.27)                | 0.02                             | (2.25)                  |
| Employee Benefits                | (0.50)           | (0.51)              | 0.01                    | (0.99)           | (0.93)           | (0.06)         | (4.75)            | 0.00                   | (4.75)                | 0.01                             | (4.74)                  |
| <b>Total Indirect Expenses</b>   | <b>\$ (0.81)</b> | <b>\$ (0.91)</b>    | <b>\$ 0.10</b> [5]      | <b>\$ (1.64)</b> | <b>\$ (1.73)</b> | <b>\$ 0.09</b> | <b>\$ (9.40)</b>  | <b>\$ 0.14</b>         | <b>\$ (9.26)</b>      | <b>\$ 0.03</b>                   | <b>\$ (9.23)</b>        |
| <b>Total Corporate Functions</b> | <b>\$ (3.24)</b> | <b>\$ (3.52)</b>    | <b>\$ 0.28</b>          | <b>\$ (6.54)</b> | <b>\$ (6.88)</b> | <b>\$ 0.35</b> | <b>\$ (39.22)</b> | <b>\$ (0.49)</b>       | <b>\$ (39.71)</b>     | <b>\$ (0.06)</b>                 | <b>\$ (39.77)</b>       |

## MTD Highlights

1. **Operations and Safety:** TAM Capitalization correction timing
2. **Admin Svcs and HR Real Estate:** FBG Invoice timing
3. **Technology, Customer & Comm:** Software timing within both IT and Security
4. **Other G&A:** Vacation accrual
5. **Indirects:** LTIP Forfeitures, STI 2025 true up, Employee Medical

## Current Month Budget Adjustment Highlights

- **Pres, Reg, Sust & Supply Chain:** Ariba license Geography with IT (TCC).
- **Indirect Expenses:** Allocations
- **Other G&A:** Cloud Software amortization