



Segment and Financial Information First Quarter 2020

Supplement to NiSource First Quarter 2020
Earnings Presentation



First Quarter 2020 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the first quarter of 2020 were \$462.7 million, compared to \$497.1 million in the comparable 2019 period. Refer to the attached schedules for the items included in 2020 and 2019 GAAP operating income but excluded from operating earnings (non-GAAP).

Operating earnings (non-GAAP) for NiSource's business segments for the three months ended March 31, 2020, are discussed below.

Gas Distribution Operations

For the first quarter of 2020, Gas Distribution Operations reported operating earnings of \$391.6 million, compared to operating earnings of \$397.7 million in the comparable 2019 period.

Operating revenues for the first quarter of 2020 were \$1,255.8 million, a decrease of \$175.0 million from the comparable 2019 period. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of \$172.7 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of \$13.9 million.
- Favorable adjustments in 2019 to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from TCJA of \$6.1 million.

Partially offset by:

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

Operating expenses for the first quarter of 2020 were \$864.2 million, a decrease of \$168.9 million from the comparable 2019 period. The change in operating expenses was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of \$172.7 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenues, of \$13.9 million.

Partially offset by:

- Higher employee and administrative expenses of \$12.4 million.
- Increased property taxes of \$3.7 million primarily due to higher capital expenditures placed in service.
- Increased corporate insurance of \$3.4 million.

Electric Operations

For the first quarter of 2020, Electric Operations reported operating earnings of \$80.0 million, compared to operating earnings of \$95.4 million in the comparable 2019 period.

Operating revenues for the first quarter of 2020 were \$379.0 million, a decrease of \$52.4 million from the comparable 2019 period. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of \$45.1 million.
- Decreased industrial revenue of \$12.5 million due to the new industrial service structure approved in the recent base rate proceeding, as well as lower industrial usage due to an increase in internal generation being utilized by large industrial customers.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of \$7.3 million.

Partially offset by:

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

Operating expenses for the first quarter of 2020 were \$299.0 million, a decrease of \$37.0 million from the comparable 2019 period. The change in operating expenses was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization), which is offset in operating revenue, of \$45.1 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of \$7.3 million.
- Lower outside services costs of \$5.0 million primarily related to lower generation-related maintenance.

Partially offset by:

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

Corporate and Other Operations

For the first quarter of 2020, Corporate and Other Operations reported an operating loss of \$8.9 million compared to operating earnings of \$4.0 million in the comparable 2019 period. This change resulted primarily from unfavorable insurance reserve adjustments and unrealized losses on the cash surrender value of corporate owned life insurance investments in 2020.

Other Income (Deductions)

Other income (deductions) reduced income by \$87.5 million for the first quarter of 2020 compared to a reduction in income of \$96.3 million in the comparable 2019 period. This change is primarily due to lower non-service pension costs driven by a decrease in the pension benefit obligations.

Income Taxes

The effective tax rate of net operating earnings was 18.8 percent compared to 19.8 percent for the same period last year. The decrease in 2020 is primarily due to increased amortization of excess deferred federal income tax liabilities and a decrease in pre-tax income, offset by an increase in state income taxes.

NiSource Inc.

Consolidated Net Operating Earnings Available to Common Shareholders (Non-GAAP) *(unaudited)*

	Three Months Ended March 31,	
	2020	2019
<i>(in millions, except per share amounts)</i>		
Operating Revenues	\$ 1,631.8	\$ 1,858.9
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	462.4	680.3
Operation and maintenance	360.5	329.5
Operation and maintenance - trackers	76.0	89.3
Depreciation and amortization	182.8	168.7
Depreciation and amortization - trackers	1.5	6.4
Other taxes	60.9	59.7
Other taxes - trackers	25.0	27.9
Total Operating Expenses	1,169.1	1,361.8
Operating Earnings	462.7	497.1
Other Income (Deductions)		
Interest expense, net	(92.9)	(95.6)
Other, net	6.5	(0.1)
Other, net - trackers	(1.1)	(0.6)
Total Other Deductions, Net	(87.5)	(96.3)
Operating Earnings Before Income Taxes	375.2	400.8
Income Taxes	70.5	79.3
Net Operating Earnings	304.7	321.5
Preferred dividends	(13.8)	(13.8)
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	290.9	307.7
Non-GAAP Basic Net Operating Earnings Per Share	\$ 0.76	\$ 0.82
Basic Average Common Shares Outstanding	383.1	373.4

NiSource Inc.
Segment Operating Earnings (Non-GAAP) *(unaudited)*

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2020	2019
Operating Revenues	\$ 1,255.8	\$ 1,430.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	377.4	550.1
Operation and maintenance	254.9	240.2
Operation and maintenance - trackers	67.1	77.5
Depreciation and amortization	96.0	96.4
Depreciation and amortization - trackers	0.5	1.0
Other taxes	43.3	40.0
Other taxes - trackers	25.0	27.9
Total Operating Expenses	864.2	1,033.1
Operating Earnings (Non-GAAP)	\$ 391.6	\$ 397.7

Electric Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2020	2019
Operating Revenues	\$ 379.0	\$ 431.4
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	85.0	130.1
Operation and maintenance	112.0	109.9
Operation and maintenance - trackers	8.9	11.8
Depreciation and amortization	77.9	62.8
Depreciation and amortization - trackers	1.0	5.4
Other taxes	14.2	16.0
Total Operating Expenses	299.0	336.0
Operating Earnings (Non-GAAP)	\$ 80.0	\$ 95.4

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2020	2019
Operating Earnings (Loss) (Non-GAAP)	\$ (8.9)	\$ 4.0

NiSource Inc.
Segment Volumes and Statistical Data *(unaudited)*

Gas Distribution Operations	Three Months Ended March 31,	
	2020	2019
Sales and Transportation (MMDth)		
Residential	118.5	140.7
Commercial	73.7	86.0
Industrial	146.8	148.1
Off-System	11.2	7.2
Other	0.2	0.2
Total	350.4	382.2
Weather Adjustment	32.0	(10.7)
Sales and Transportation Volumes - Excluding Weather	382.4	371.5
Customers		
Residential	3,233,222	3,206,016
Commercial	283,579	282,616
Industrial	6,002	6,035
Other	3	3
Total	3,522,806	3,494,670
Heating Degree Days	2,440	2,897
Normal Heating Degree Days	2,897	2,864
% Colder (Warmer) than Normal	(16)%	1%

Electric Operations	Three Months Ended March 31,	
	2020	2019
Sales (Gigawatt Hours)		
Residential	755.5	792.4
Commercial	878.7	894.4
Industrial	2,071.1	2,215.7
Wholesale	71.4	6.5
Other	28.2	34.5
Total	3,804.9	3,943.5
Weather Adjustment	20.9	10.0
Sales Volumes - Excluding Weather	3,825.8	3,953.5
Customers		
Residential	416,501	412,739
Commercial	57,150	56,703
Industrial	2,160	2,281
Wholesale	725	732
Other	2	2
Total	476,538	472,457

NiSource Inc.

Schedule 1 - Reconciliation of Consolidated Net Income Available to Common Shareholders to Net Operating Earnings Available to Common Shareholders (Non-GAAP) *(unaudited)*

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2020	2019
GAAP Net Income Available to Common Shareholders	\$ 61.8	\$ 205.1
Adjustments to Operating Income:		
Operating Revenues:		
Weather - compared to normal	26.3	(10.9)
Operating Expenses:		
Greater Lawrence Incident ⁽¹⁾	8.1	133.6
Loss on classification as held for sale ⁽²⁾	280.2	—
Loss (gain) on sale of fixed assets and impairments, net	(0.1)	0.2
Total adjustments to operating income	314.5	122.9
Income Taxes:		
Tax effect of above items ⁽³⁾	(85.4)	(20.3)
Total adjustments to net income	229.1	102.6
Net Operating Earnings Available to Common Shareholders (Non-GAAP)	\$ 290.9	\$ 307.7
Basic Average Common Shares Outstanding	383.1	373.4
GAAP Basic Earnings Per Share	\$ 0.16	\$ 0.55
Adjustments to basic earnings per share	0.60	0.27
Non-GAAP Basic Net Operating Earnings Per Share	\$ 0.76	\$ 0.82

⁽¹⁾ Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident, net of insurance recoveries recorded.

⁽²⁾ Represents loss recorded as a result of measuring the assets and liabilities of the Massachusetts Business at fair value, less costs to sell.

⁽³⁾ Represents the tax effect of the adjustments to operating income at statutory tax rates.

NiSource Inc.

Schedule 2 - Reconciliation by Segment of Operating Income (Loss) to Operating Earnings (Loss)
(Non-GAAP) *(unaudited)*

Three Months Ended March 31, 2020 <i>(in millions)</i>	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (Loss) (GAAP)	\$ 78.5	\$ 78.5	\$ (8.8)	\$ 148.2
Adjustments to Operating Income (Loss):				
Operating Revenues:				
Weather - compared to normal	24.8	1.5	—	26.3
Operating Expenses:				
Greater Lawrence Incident ⁽¹⁾	8.1	—	—	8.1
Loss on classification as held for sale ⁽²⁾	280.2	—	—	280.2
Gain on sale of fixed assets and impairments, net	—	—	(0.1)	(0.1)
Total Adjustments to Operating Income (Loss)	313.1	1.5	(0.1)	314.5
Operating Earnings (Non-GAAP)	\$ 391.6	\$ 80.0	\$ (8.9)	\$ 462.7

⁽¹⁾ Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident.

⁽²⁾ Represents loss recorded as a result of measuring the assets and liabilities of the Massachusetts Business at fair value, less costs to sell.

Three Months Ended March 31, 2019 <i>(in millions)</i>	Gas Distribution	Electric	Corporate & Other	Total
Operating Income (GAAP)	\$ 275.4	\$ 95.0	\$ 3.8	\$ 374.2
Adjustments to Operating Income:				
Operating Revenues:				
Weather - compared to normal	(11.3)	0.4	—	(10.9)
Operating Expenses:				
Greater Lawrence Incident ⁽¹⁾	133.6	—	—	133.6
Loss on sale of fixed assets and impairments, net	—	—	0.2	0.2
Total Adjustments to Operating Income	122.3	0.4	0.2	122.9
Operating Earnings (Non-GAAP)	\$ 397.7	\$ 95.4	\$ 4.0	\$ 497.1

⁽¹⁾ Represents costs incurred for estimated third-party claims and related other expenses as a result of the Greater Lawrence Incident, net of probable insurance recoveries recorded to date.

NiSource Inc.
Consolidated Income Statements (GAAP)

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

NiSource Inc.
Consolidated Balance Sheets (GAAP)

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

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)

<i>(in millions, except share amounts)</i>	March 31, 2020	December 31, 2019
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - \$0.01 par value, 600,000,000 shares authorized; 382,694,308 and 382,135,680 shares outstanding, respectively	\$ 3.8	\$ 3.8
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	880.0	880.0
Treasury stock	(99.9)	(99.9)
Additional paid-in capital	6,671.5	6,666.2
Retained deficit	(1,483.4)	(1,370.8)
Accumulated other comprehensive loss	(230.6)	(92.6)
Total Stockholders' Equity	5,741.4	5,986.7
Long-term debt, excluding amounts due within one year	7,817.9	7,856.2
Total Capitalization	13,559.3	13,842.9
Current Liabilities		
Current portion of long-term debt	7.9	13.4
Short-term borrowings	2,046.4	1,773.2
Accounts payable	505.6	666.0
Dividends payable - common stock	80.4	—
Dividends payable - preferred stock	19.4	—
Customer deposits and credits	163.2	256.4
Taxes accrued	223.8	231.6
Interest accrued	95.1	99.4
Exchange gas payable	18.5	59.7
Regulatory liabilities	177.9	160.2
Liabilities held for sale	470.9	—
Legal and environmental	17.5	20.1
Accrued compensation and employee benefits	129.4	156.3
Claims accrued	24.9	165.4
Other accruals	180.9	144.1
Total Current Liabilities	4,161.8	3,745.8
Other Liabilities		
Risk management liabilities	312.1	134.0
Deferred income taxes	1,451.3	1,485.3
Deferred investment tax credits	9.4	9.7
Accrued insurance liabilities	82.4	81.5
Accrued liability for postretirement and postemployment benefits	359.4	373.2
Regulatory liabilities	2,033.8	2,352.0
Asset retirement obligations	435.9	416.9
Other noncurrent liabilities	187.3	218.5
Total Other Liabilities	4,871.6	5,071.1
Commitments and Contingencies	—	—
Total Capitalization and Liabilities	\$ 22,592.7	\$ 22,659.8

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)

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