

# Supplemental Slides

## Fourth Quarter 2018 Earnings

February 20, 2019



**MiSource**



# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's or any of its subsidiaries' business, performance, growth, commitments, investment opportunities, and planned, identified, infrastructure or utility investments. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans, expectations and strategy discussed in this presentation include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; NiSource's ability to obtain expected financial or regulatory outcomes; NiSource's ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; our ability to obtain sufficient insurance coverage; the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation; any damage to NiSource's reputation, including in connection with the Greater Lawrence Incident; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified work force; the ability of NiSource's subsidiaries to generate cash; tax liabilities associated with the separation of Columbia Pipeline Group, Inc.; NiSource's ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; and other matters set forth in Item 1A, "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in other filings with the Securities and Exchange Commission. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the asset rating organization. In addition, dividends are subject to board approval. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this presentation, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

## Regulation G Disclosure Statement

This presentation includes financial results and guidance for NiSource with respect to net operating earnings available to common shareholders, which is a non-GAAP financial measure as defined by the SEC's Regulation G. The company includes this measure because management believes it permits investors to view the company's performance using the same tools that management uses and to better evaluate the company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be a difference between this measure and its GAAP equivalent due to various factors, including, but not limited to, fluctuations in weather, the impact of asset sales and impairments, and other items included in GAAP results. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

## Key Takeaways – Year-End 2018

- **Continued focus on gas service restoration in Greater Lawrence, Mass.**
  - Service restored to substantially all customers by mid-December
  - Phase 2 of restoration well underway
- **Extensive efforts to enhance gas system safety, across seven-state footprint**
- **Delivered on a number of key objectives in 2018:**
  - Non-GAAP net operating earnings per share (NOEPS)\* of \$1.30 versus \$1.21 in 2017
  - Accelerating implementation of a safety management system (SMS) across the NiSource footprint
  - Repositioning our Indiana electric business, with submission of a long-term plan to transition our generating fleet away from coal to lower-cost renewable energy resources by 2028
  - Executed on \$1.8 billion capital investments, including Greater Lawrence pipeline replacement
  - Adding approximately 27,000 net new gas customers, driven by increased conversions to natural gas from other fuels and a healthy housing market
  - Successfully implementing federal tax reform, with all customers now enjoying savings made possible by lower corporate income tax rates
  - Opened state-of-the-art training centers in Massachusetts and Virginia, enhancing training for gas operations employees and first responders
  - Capital Expenditure Program (CEP) rider approved in Ohio, with new rates in effect
  - Gas rate case settlements approved in Indiana, Maryland and Pennsylvania; new cases filed in Indiana (electric) and Virginia (gas)

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**2019 NOEPS Guidance Initiated at \$1.27 to \$1.33 Per Share\*; CapEx Guidance: \$1.6B to \$1.7B**

\* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

## Year-End 2018 Financial Highlights

| Non-GAAP*                                                     | 2018    | 2017    | Change |
|---------------------------------------------------------------|---------|---------|--------|
| Net Operating Earnings Available to Common Shareholders (\$M) | \$463.3 | \$397.5 | \$65.8 |
| Net Operating Earnings Per Share                              | \$1.30  | \$1.21  | \$0.09 |

| GAAP                                                    | 2018     | 2017    | Change    |
|---------------------------------------------------------|----------|---------|-----------|
| Net Income (Loss) Available to Common Shareholders(\$M) | (\$65.6) | \$128.5 | (\$194.1) |
| Earnings (Loss) Per Share                               | (\$0.18) | \$0.39  | (\$0.57)  |

### 2018 GAAP Results Reflect Greater Lawrence Incident

\*Net Operating Earnings (non-GAAP). For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of [www.nisource.com](http://www.nisource.com).

# Fourth Quarter 2018 Financial Highlights - Consolidated (Non-GAAP)\*

| (In millions, except per share amounts)                                   | Three Months Ended Dec 31 |                 |                | Twelve Months Ended Dec 31 |                 |                |
|---------------------------------------------------------------------------|---------------------------|-----------------|----------------|----------------------------|-----------------|----------------|
|                                                                           | 2018                      | 2017            | Change         | 2018                       | 2017            | Change         |
| Operating Revenues                                                        | \$ 1,453.1                | \$ 1,361.4      |                | \$ 5,084.0                 | \$ 4,904.8      |                |
| Cost of Sales (excluding depreciation and amortization)                   | 499.7                     | 456.0           |                | 1,759.4                    | 1,518.7         |                |
| Net Revenue (Non-GAAP)                                                    | \$ 953.4                  | \$ 905.4        |                | \$ 3,324.6                 | \$ 3,386.1      |                |
| Operation and Maintenance                                                 | 425.2                     | 418.5           |                | 1,519.4                    | 1,578.6         |                |
| Depreciation and Amortization                                             | 161.8                     | 141.8           |                | 599.6                      | 570.3           |                |
| Loss on impairment                                                        | —                         | 5.5             |                | —                          | 5.5             |                |
| Other Taxes                                                               | 71.7                      | 67.5            |                | 274.4                      | 257.2           |                |
| Total Operating Expenses                                                  | \$ 658.7                  | \$ 633.3        |                | \$ 2,393.4                 | \$ 2,411.6      |                |
| Operating Earnings (Non-GAAP)                                             | \$ 294.7                  | \$ 272.1        |                | \$ 931.2                   | \$ 974.5        |                |
| Interest Expense, Net                                                     | (88.1)                    | (92.4)          |                | (353.3)                    | (353.2)         |                |
| Other, Net                                                                | (13.5)                    | (13.2)          |                | 18.0                       | (13.4)          |                |
| Total Other Deductions                                                    | \$ (101.6)                | \$ (105.6)      |                | \$ (335.3)                 | \$ (366.6)      |                |
| Operating Earnings Before Income Tax                                      | \$ 193.1                  | \$ 166.5        |                | \$ 595.9                   | \$ 607.9        |                |
| Income Taxes                                                              | 43.1                      | 56.2            |                | 117.6                      | 210.4           |                |
| <b>Net Operating Earnings (Non-GAAP)</b>                                  | <b>\$ 150.0</b>           | <b>\$ 110.3</b> | <b>\$ 39.7</b> | <b>\$ 478.3</b>            | <b>\$ 397.5</b> | <b>\$ 80.8</b> |
| Preferred Dividends                                                       | (8.1)                     | —               |                | (15.0)                     | —               |                |
| <b>Net Operating Earnings Available to Common Shareholders (Non-GAAP)</b> | <b>\$ 141.9</b>           | <b>\$ 110.3</b> | <b>\$ 31.6</b> | <b>\$ 463.3</b>            | <b>\$ 397.5</b> | <b>\$ 65.8</b> |
| Basic Average Shares Outstanding                                          | 369.4                     | 337.5           |                | 356.5                      | 329.4           |                |
| <b>Basic Net Operating Earnings Per Share (Non-GAAP)</b>                  | <b>0.38</b>               | <b>0.33</b>     | <b>0.05</b>    | <b>1.30</b>                | <b>1.21</b>     | <b>0.09</b>    |

## NOEPS Results In Line with Annual Guidance Range

\* Net Operating Earnings Per Share (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see Schedule 1 of NiSource's February 20, 2019, Earnings Release

# Fourth Quarter 2018 Financial Highlights - Gas Distribution (Non-GAAP)\*

| (In millions)                                                                                                                                    | Three Months Ended Dec 31 |          |         | Twelve Months Ended Dec 31 |            |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------|---------|----------------------------|------------|-----------|
|                                                                                                                                                  | 2018                      | 2017     | Change  | 2018                       | 2017       | Change    |
| Operating Revenues                                                                                                                               | \$ 1,056.0                | \$ 946.4 |         | \$ 3,409.3                 | \$ 3,127.4 |           |
| Cost of Sales (excluding depreciation and amortization)                                                                                          | 382.3                     | 343.0    |         | 1,257.4                    | 1,005.0    |           |
| Net Revenue (Non-GAAP)                                                                                                                           | \$ 673.7                  | \$ 603.4 |         | \$ 2,151.9                 | \$ 2,122.4 |           |
| Operation and Maintenance                                                                                                                        | 317.8                     | 297.3    |         | 1,081.0                    | 1,074.8    |           |
| Depreciation and Amortization                                                                                                                    | 86.0                      | 69.8     |         | 301.0                      | 269.3      |           |
| Loss on impairment                                                                                                                               | —                         | 2.8      |         | —                          | 2.8        |           |
| Other Taxes                                                                                                                                      | 57.5                      | 49.5     |         | 204.6                      | 184.1      |           |
| Total Operating Expenses                                                                                                                         | \$ 461.3                  | \$ 419.4 |         | \$ 1,586.6                 | \$ 1,531.0 |           |
| Operating Earnings (Non-GAAP)                                                                                                                    | \$ 212.4                  | \$ 184.0 | \$ 28.4 | \$ 565.3                   | \$ 591.4   | \$ (26.1) |
| 2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes) |                           |          |         |                            |            |           |
|                                                                                                                                                  |                           |          | \$ 10.3 |                            |            | \$ 109.7  |
| Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)                                                                                      |                           |          | \$ 38.7 |                            |            | \$ 83.6   |

## Results Driven by Infrastructure Investments and Customer Growth

\* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of [www.nisource.com](http://www.nisource.com).

## Fourth Quarter 2018 Financial Highlights - Electric (Non-GAAP)\*

| (In millions)                                                                                                                                    | Three Months Ended Dec 31 |          |         | Twelve Months Ended Dec 31 |            |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------|---------|----------------------------|------------|-----------|
|                                                                                                                                                  | 2018                      | 2017     | Change  | 2018                       | 2017       | Change    |
| Operating Revenues                                                                                                                               | \$ 400.5                  | \$ 418.7 |         | \$ 1,687.9                 | \$ 1,791.4 |           |
| Cost of Sales (excluding depreciation and amortization)                                                                                          | 117.5                     | 113.0    |         | 502.1                      | 513.9      |           |
| Net Revenue (Non-GAAP)                                                                                                                           | \$ 283.0                  | \$ 305.7 |         | \$ 1,185.8                 | \$ 1,277.5 |           |
| Operation and Maintenance                                                                                                                        | 122.1                     | 143.4    |         | 496.7                      | 558.7      |           |
| Depreciation and Amortization                                                                                                                    | 66.6                      | 65.8     |         | 262.9                      | 277.8      |           |
| Loss on impairment                                                                                                                               | —                         | 1.9      |         | —                          | 1.9        |           |
| Other Taxes                                                                                                                                      | 11.3                      | 15.1     |         | 57.1                       | 59.9       |           |
| Total Operating Expenses                                                                                                                         | \$ 200                    | \$ 226.2 |         | \$ 816.7                   | \$ 898.3   |           |
| Operating Earnings (Non-GAAP)                                                                                                                    | \$ 83.0                   | \$ 79.5  | \$ 3.5  | \$ 369.1                   | \$ 379.2   | \$ (10.1) |
| 2018 Net Revenue includes a revenue impact as a result of lower income tax rate from Tax Cuts and Jobs Act (offset in Consolidated Income Taxes) |                           |          |         |                            |            |           |
|                                                                                                                                                  |                           |          | \$ 10.2 |                            |            | \$ 49.1   |
| Operating Earnings - Excluding Tax Reform Impact (Non-GAAP)                                                                                      |                           |          | \$ 13.7 |                            |            | \$ 39.0   |

### Results Driven by Infrastructure Investments and Cost Management

\* Operating Earnings (non-GAAP); For a reconciliation of GAAP to non-GAAP earnings, see NiSource's February 20, 2019, Earnings Release and the supplemental segment and financial information accompanying this presentation available on the investor section of [www.nisource.com](http://www.nisource.com).

## NiSource Debt and Credit Profile

- **Current debt level: ~\$9.1B as of December 31, 2018**
  - ~\$7.0B of long-term debt
    - Weighted average maturity ~19 years
    - Weighted average interest rate of 4.6%
- **Solid liquidity position**
  - ~\$1.0B in net available liquidity as of December 31, 2018\*
  - ~\$2.2B of committed facilities in place as of December 31, 2018
    - ~\$1.9B revolving credit facility
    - ~\$0.4B accounts receivable securitization facilities \*\*
- **Interest rate hedging position**
  - ~\$500M of anticipated debt issuances hedged as of December 31, 2018
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

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**Solid Financial Foundation to Support Long-Term Infrastructure Investment Opportunities**

\* Consisting of cash and available capacity under credit facilities

\*\* Capacity on accounts receivable securitization facilities changes with seasonality

## Financing Plan Update

| NiSource Financing Plan                               |             |                          |
|-------------------------------------------------------|-------------|--------------------------|
| (\$ in Millions)                                      | 2018 Actual | 2019/2020* Estimated     |
| <b>Equity</b>                                         |             |                          |
| Common Equity Block Issuance                          | \$606       | None Planned             |
| ATM (At-The-Market)                                   | \$239       | \$200 - \$300 (Annually) |
| ESPP/401K/Other                                       | \$41        | \$35 - \$60 (Annually)   |
| <b>Long-Term Debt</b>                                 |             |                          |
| Incremental Long-Term Debt                            | (\$410)     | \$0 - \$500 (Annually)   |
| <b>Other Financing</b>                                |             |                          |
| Non-Convertible Subordinated Debt or Preferred Equity | \$900       | TBD                      |

### Financing Targets Adj. FFO\*\*/Total Debt of ~14% - 15% in 2019/2020

\* Current financing plan may change based on the timing of cash proceeds of insurance recoveries related to the Greater Lawrence Incident

\*\*Adjusted Funds from Operations (FFO); represents Net Income adjusted for depreciation and amortization, loss on early extinguishment of debt and deferred taxes.

## Gas Distribution Operations

- Significant progress on regulatory initiatives inclusive of the impacts of federal tax reform across states
- Continuing to execute infrastructure modernization that enhances system safety, reliability and environmental performance

### Key Milestones:

| Highlight                                                    | Key Components                                                                                                                                                                                                                                                                     | Status                                                                                                                                                                                                   |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NIPSCO PHMSA Compliance Plan                                 | <ul style="list-style-type: none"> <li>• Seeks recovery of federally mandated pipeline safety compliance plan</li> <li>• Filing includes \$230M of capital covering 2019-2023</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>• Filed Dec. 31, 2018</li> <li>• Order expected 2H2019</li> </ul>                                                                                                 |
| Columbia Gas of Virginia Base Rate Case                      | <ul style="list-style-type: none"> <li>• Supports continued focus on pipeline safety and replacement of aging infrastructure</li> <li>• Requests \$22.2M total annual revenue increase; \$14.2M, net of infrastructure trackers</li> </ul>                                         | <ul style="list-style-type: none"> <li>• Filed Aug. 28, 2018</li> <li>• Rates in effect Feb. 1, 2019; subject to refund</li> <li>• Order expected in 2H2019</li> </ul>                                   |
| Columbia Gas of Maryland Base Rate Case                      | <ul style="list-style-type: none"> <li>• Supports continued focus on pipeline safety and replacement of aging infrastructure</li> <li>• Settlement includes \$3.8M annual revenue increase; \$2.2M, net of infrastructure trackers</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Filed Apr. 13, 2018</li> <li>• Settlement filed Jul. 31, 2018</li> <li>• Settlement approved Nov. 21, 2018</li> <li>• Rates in effect Nov. 2018</li> </ul>      |
| Columbia Gas of Pennsylvania Base Rate Case                  | <ul style="list-style-type: none"> <li>• Supports continued focus on pipeline safety and replacement of aging infrastructure</li> <li>• Settlement includes \$26.0M annual revenue increase</li> </ul>                                                                             | <ul style="list-style-type: none"> <li>• Filed Mar. 16, 2018</li> <li>• Settlement filed Aug. 31, 2018</li> <li>• Settlement approved Dec. 6, 2018</li> <li>• Rates in effect Dec. 2018</li> </ul>       |
| Columbia Gas of Ohio Capital Expenditure Program (CEP) Rider | <ul style="list-style-type: none"> <li>• Establishes annual rider to recover certain capital investments and related deferred expenses not recovered through the IRP tracker</li> <li>• Settlement includes \$74.5M annual revenue increase</li> </ul>                             | <ul style="list-style-type: none"> <li>• Filed Dec. 1, 2017</li> <li>• Settlement filed Oct. 25, 2018</li> <li>• Settlement approved Nov. 28, 2018</li> <li>• Rider in effect Nov. 29, 2018</li> </ul>   |
| NIPSCO Gas Base Rate Case                                    | <ul style="list-style-type: none"> <li>• Supports continued focus on pipeline safety and replacement of aging infrastructure</li> <li>• First base rate increase request in more than 25 years</li> <li>• Settlement includes ultimate \$107.3M annual revenue increase</li> </ul> | <ul style="list-style-type: none"> <li>• Filed Sept. 27, 2017</li> <li>• Settlement filed Apr. 20, 2018</li> <li>• Settlement approved Sept. 19, 2018</li> <li>• Rates effective Oct. 1, 2018</li> </ul> |

**~\$20B in Identified Long-Term Infrastructure Investment Opportunities**

# Electric Operations

- Continued execution of seven-year ~\$1.2B electric system modernization program
- Construction continues on environmental upgrades for Michigan City, R.M. Schahfer generating stations

## Key Milestones:

| Highlight                             | Key Components                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Status                                                                                                                                                                                                                            |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Wind CPCN Filings                     | <ul style="list-style-type: none"> <li>• Seeks approval for 20-year PPAs to purchase 100% of the output from the Jordan Creek (400MW*) and Roaming Bison (300MW*)</li> <li>• Seeks approval for BTA for Rosewater (100MW*), a joint venture between NIPSCO and EDP Renewables</li> <li>• All three projects expected to be constructed by the end of 2020</li> </ul>                                                                                                                     | <ul style="list-style-type: none"> <li>• Filed Feb. 1, 2019</li> <li>• Order expected in 2Q2019</li> </ul>                                                                                                                        |
| Electric System Modernization Program | <ul style="list-style-type: none"> <li>• Focused on electric transmission and distribution investments designed to improve system reliability and safety</li> <li>• TDSIC 5 semi-annual tracker update covering ~\$58.8M in investments from June 2018 - November 2018</li> </ul>                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>• Filed Jan. 29, 2019</li> <li>• Order expected 2Q2019</li> </ul>                                                                                                                          |
| Base Rate Case                        | <ul style="list-style-type: none"> <li>• Seeks changes to the company's depreciation schedules related to the early retirements of coal-fired generation plants called for in the IRP</li> <li>• Proposes changes to tariffs to provide service flexibility for industrial customers to remain competitive in the global marketplace</li> <li>• Requests \$21.4M annual revenue increase</li> </ul>                                                                                      | <ul style="list-style-type: none"> <li>• Filed Oct. 31, 2018</li> <li>• Rates in effect Sept. 2019</li> <li>• Order expected in 3Q2019</li> </ul>                                                                                 |
| Integrated Resource Plan (IRP)        | <ul style="list-style-type: none"> <li>• Outlines NIPSCO's plans for meeting customers' long-term electricity needs</li> <li>• 2018 IRP included plans to retire nearly 80 percent of NIPSCO's coal-fired generation fleet by 2023 and the remaining coal-fired units by 2028</li> <li>• Replacement options point toward lower-cost renewable energy resources such as wind, solar and battery storage technology</li> <li>• Second all source RFP planned for later in 2019</li> </ul> | <ul style="list-style-type: none"> <li>• Submitted Oct. 31, 2018</li> </ul>                                                                                                                                                       |
| Environmental Upgrades                | <ul style="list-style-type: none"> <li>• Address requirements under Effluent Limitation Guidelines (ELG) and Coal Combustion Residuals (CCR) rules</li> <li>• Costs to be recovered through Federally Mandated Cost Adjustment (FMCA) mechanism</li> <li>• Settlement covers CCR-related investments of ~\$193M; ELG-related investments moved to later proceeding</li> </ul>                                                                                                            | <ul style="list-style-type: none"> <li>• Filed Nov. 1, 2016</li> <li>• CCR settlement filed Jun. 9, 2017</li> <li>• CCR settlement approved Dec. 13, 2017</li> <li>• Construction underway, expected completion 1Q2019</li> </ul> |

**~\$10B in Identified Long-Term Infrastructure Investment Opportunities**

\* Represents installed capacity of generation facilities.

# Greater Lawrence Event - Update

## Event Related Costs and Expenses

- **Pipeline Replacement and Restoration (Total Current Estimate = \$220M - \$230M)** – replacement of the gas distribution system with modern state-of-the-art plastic mains and service lines, and modern safety features such as pressure regulation and excess flow valves at each premise.
- **Third-Party Claims (Total Current Estimate = \$757M - \$790M)** - including emergency response, personal injury, property/infrastructure damage claims ('House Ready' Restoration), temporary housing, claims-related legal fees, etc.
- **Other Expenses (Total Current Estimate = \$330M - \$345M)** - these costs include charitable contributions as well as additional employee, legal, consulting, employee/contractor housing and other incident related expenses

## Insurance Policies have a Combined Limit of \$1.1B (Casualty = \$800M, Property = \$300M)\*

- **Insurance recoveries recorded during 2018 = \$135M** – expected to significantly increase as claims are filed with insurers

**Note:** For additional details and notes see Schedule 2 of NiSource's February 20, 2019, Earnings Release

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**Dedicated NiSource Team to Execute Restoration**

\*Subject to policy exclusions

## Appendix: Fourth Quarter 2018 Earnings

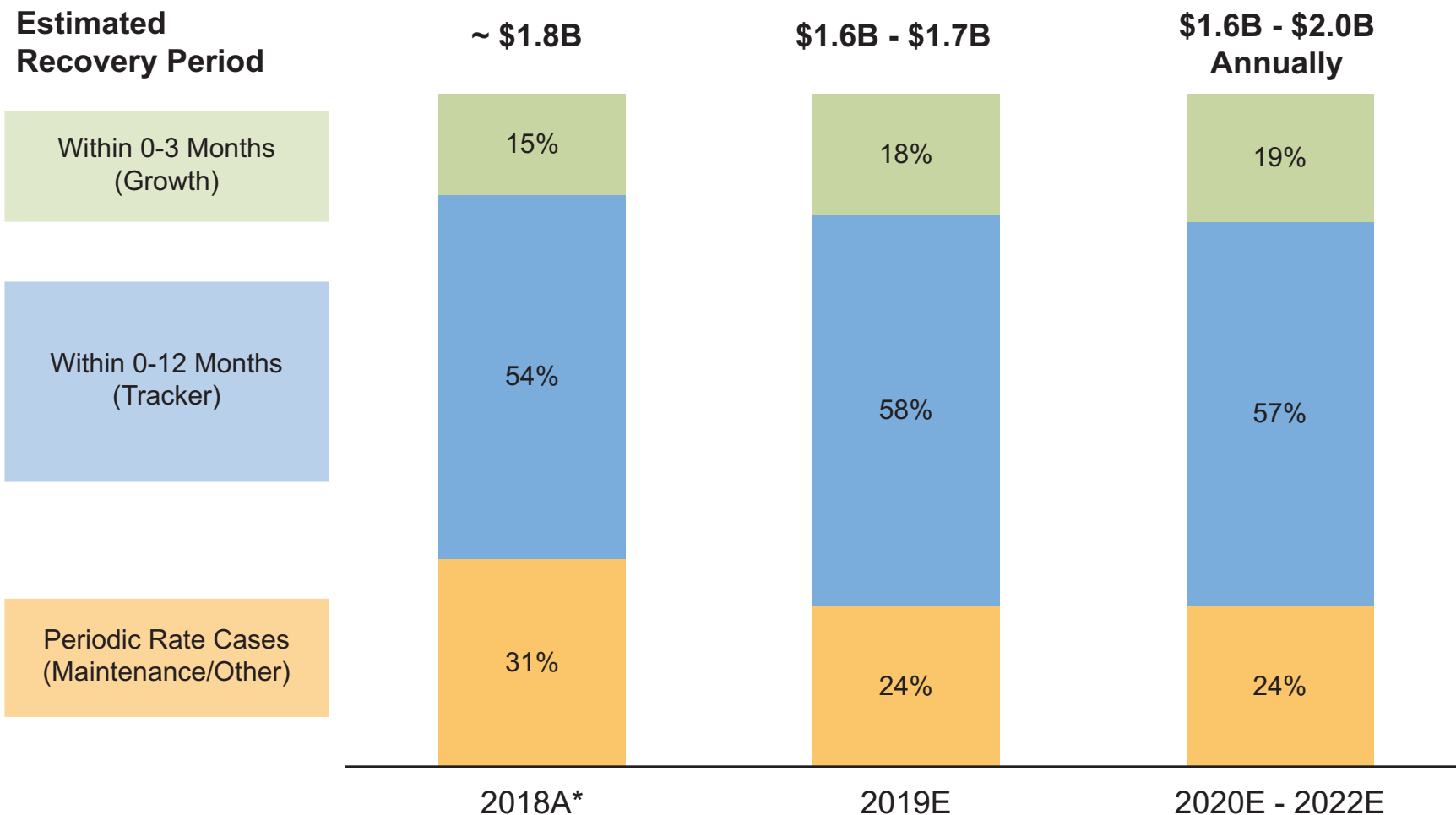


**MiSource**



# Capital Expenditures

Investments Deliver Customer Value, Enhance System Safety and Reliability



**~75% of Capital Investments Begin Earning in Less Than 12 Months**

\* Greater Lawrence distribution system capital included in maintenance for 2018

## Liquidity and Debt Detail as of Fourth Quarter 2018 (\$M)

| Current Liquidity                       | Actual<br>12/31/2018 | Maturity      |
|-----------------------------------------|----------------------|---------------|
| Revolving Credit Facility               | \$1,850              | Nov. 28, 2021 |
| Accounts Receivable Programs*           | 399                  |               |
| <b>Less:</b>                            |                      |               |
| Drawn on Credit Facility                | —                    |               |
| Commercial Paper                        | 978                  |               |
| Accounts Receivable Programs Utilized   | 399                  |               |
| L/C's Outstanding Under Credit Facility | 10                   |               |
| <b>Add:</b>                             |                      |               |
| Cash & Equivalents                      | 113                  |               |
| <b>Net Available Liquidity</b>          | <b>\$975</b>         |               |

| Debt Detail                      | Balance        | Wtd. Avg. Rate** | Wtd. Avg. Maturity |
|----------------------------------|----------------|------------------|--------------------|
| Long-Term Debt                   | \$7,030        | 4.57%            | 19 years           |
| Commercial Paper                 | 978            | 2.96%            | 61 days            |
| A/R Program Borrowings           | 399            | 2.79%            | 1 month            |
| Term Loan                        | 600            | 3.07%            | 4.5 months         |
| Capital Leases, Def Cost & Other | 126            | N/A              | N/A                |
| <b>Total Debt</b>                | <b>\$9,133</b> |                  |                    |

\* Represents the lesser of seasonal limit or maximum borrowings supportable by underlying receivables

\*\* Represents coupon or current incremental borrowing rate; does not factor in fees and/or amortization of deferred charges

N/A = Not Applicable

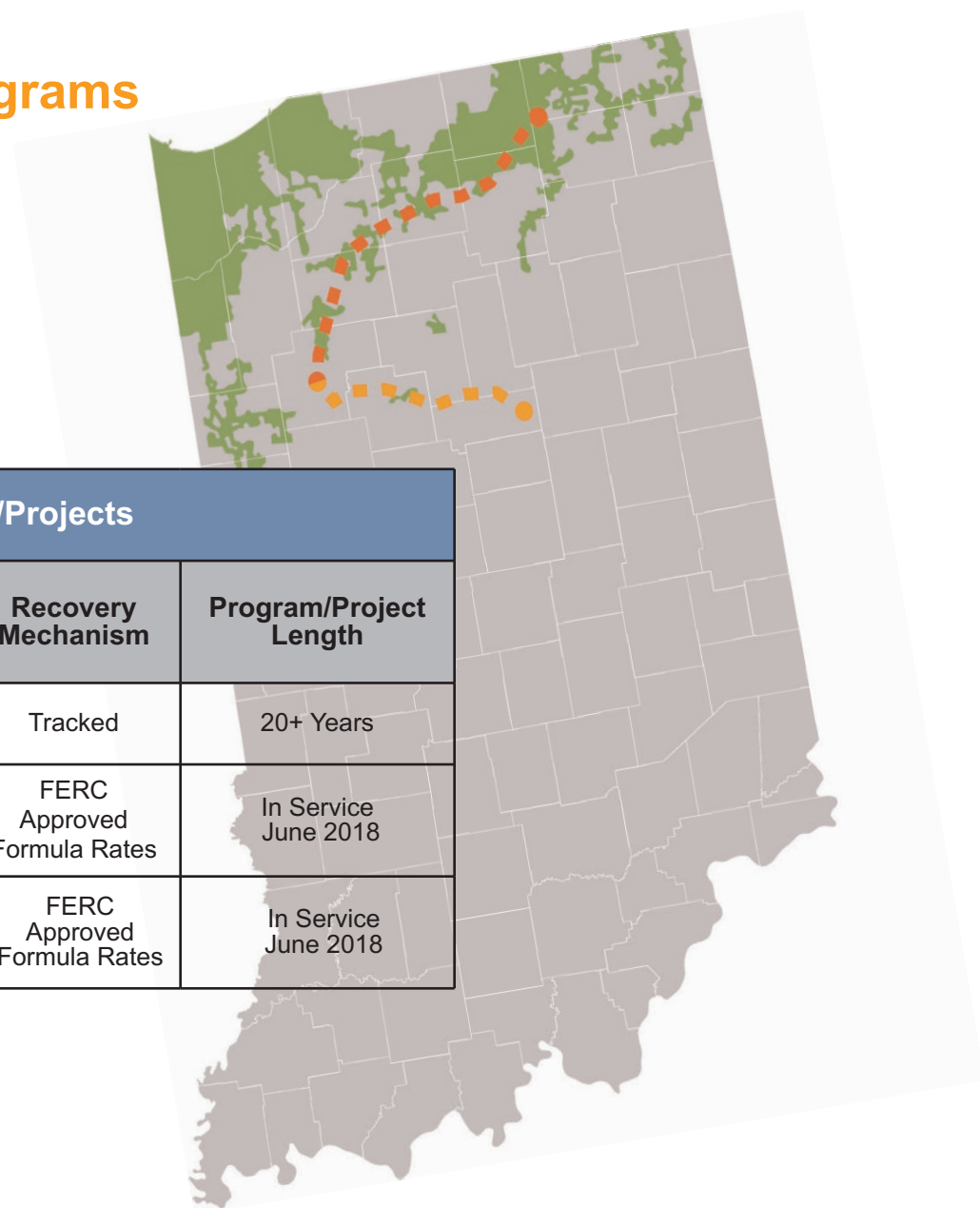
## Gas Distribution Operations Infrastructure Programs

| Company            | Base Case Authorized ROE | Year-End 2018 Rate Base | Total Identified Investments | Modernization Program Investments | Estimated Annual Modernization Program | Recovery Mechanism            |
|--------------------|--------------------------|-------------------------|------------------------------|-----------------------------------|----------------------------------------|-------------------------------|
| Columbia Gas of OH | Not Specified            | \$2.8B                  | ~\$5.6B                      | ~\$3.0B                           | \$230M - \$270M                        | Tracked                       |
| Columbia Gas of PA | Not Specified            | \$1.7B                  | ~\$4.3B                      | ~\$3.2B                           | \$240M - \$290M                        | Rate Case (Forward Test Year) |
| NIPSCO Gas         | 9.85%                    | \$1.5B                  | ~\$4.9B                      | ~\$3.7B                           | \$130M - \$190M                        | Tracked                       |
| Columbia Gas of MA | 9.55%                    | \$991M                  | ~\$2.1B                      | ~\$1.0B                           | \$64M - \$120M                         | Tracked                       |
| Columbia Gas of VA | Not Specified            | \$711M                  | ~\$1.8B                      | ~\$500M                           | \$35M - \$60M                          | Tracked                       |
| Columbia Gas of KY | Not Specified            | \$302M                  | ~\$1.1B                      | ~\$850M                           | \$30M - \$40M                          | Tracked                       |
| Columbia Gas of MD | 9.70%                    | \$127M                  | ~\$210M                      | ~\$130M                           | \$16M - \$20M                          | Tracked                       |

**Robust Long-Term Investment Programs Deliver Value on \$8.1B Rate Base\***

\* As of Dec. 31, 2018

# Electric Operations Investment Programs



| Infrastructure Investment Programs/Projects                |                                       |                             |                             |                        |
|------------------------------------------------------------|---------------------------------------|-----------------------------|-----------------------------|------------------------|
| Program/Project                                            | Identified Investments                | Estimated Annual Investment | Recovery Mechanism          | Program/Project Length |
| Infrastructure Modernization                               | ~\$4.9B                               | ~\$185M - \$215M            | Tracked                     | 20+ Years              |
| Transmission Project I (Reynolds-Topeka)                   | ~\$350M - \$400M                      | Complete                    | FERC Approved Formula Rates | In Service June 2018   |
| Transmission Project II – Partnership (Greentown-Reynolds) | ~\$350M - \$400M (NI: ~\$175M-\$200M) | Complete                    | FERC Approved Formula Rates | In Service June 2018   |

**High-Value Investments with \$4.4B Rate Base\***

\* As of Dec. 31, 2018

## Regulatory Update

| 2018 Rate Case and Program/Project Activity                    |                                                                                                            |                                                                                     |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Company/Filing                                                 | Summary                                                                                                    | Timeline                                                                            |
| <b>Pending Approval</b>                                        |                                                                                                            |                                                                                     |
| NIPSCO Gas - PHMSA Compliance Plan 2                           | Recovery of Federally Mandated Pipeline Safety Compliance Plan<br>Includes ~\$230M of capital through 2023 | Filed: 12/31/2018<br>Order Expected: 2H2019                                         |
| NIPSCO Electric - Base Rate Case                               | Requested Increase: \$21.4M, net of trackers                                                               | Filed: 10/31/2018<br>Order Expected: 3Q2019                                         |
| Columbia Gas of Virginia - Base Rate Case                      | Requested Increase: \$14.2M, net of trackers                                                               | Filed: 8/28/2018<br>Order Expected: 2H2019                                          |
| <b>Complete</b>                                                |                                                                                                            |                                                                                     |
| Columbia Gas of Maryland - Base Rate Case                      | Requested Increase: \$4.6M, net of trackers<br>Settled Increase: \$2.2M, net of trackers                   | Filed: 4/13/2018<br>Settlement Filed: 7/31/2018<br>Settlement Approved: 11/21/2018  |
| Columbia Gas of Pennsylvania - Base Rate Case                  | Requested Increase: \$46.9M<br>Settled Increase: \$26.0M                                                   | Filed: 3/16/2018<br>Settlement Filed: 8/31/2018<br>Settlement Approved: 12/6/2018   |
| Columbia Gas of Ohio - Capital Expenditure Program (CEP) Rider | Settled Increase: \$74.5M                                                                                  | Filed: 12/1/2017<br>Settlement Filed: 10/25/2018<br>Settlement Approved: 11/28/2018 |
| Columbia Gas of Ohio - Infrastructure Replacement Program      | 5-Year Plan Extension Filing                                                                               | Filed: 2/27/2017<br>Settlement Filed: 8/18/2017<br>Settlement Approved: 1/31/2018   |
| NIPSCO Gas - PHMSA Compliance Plan 1                           | Recovery of Federally Mandated Pipeline Safety Compliance Plan<br>Includes \$92M of capital through 2021   | Filed: 11/8/2017<br>Settlement Filed: 4/20/2018<br>Settlement Approved: 9/19/2018   |
| NIPSCO Gas - Base Rate Case                                    | Requested Increase: \$138.1M, net of trackers<br>Settled Increase: \$107.3M, net of trackers               | Filed: 9/27/2017<br>Settlement Filed: 4/20/2018<br>Settlement Approved: 9/19/2018   |
| <b>Withdrawn</b>                                               |                                                                                                            |                                                                                     |
| Columbia Gas of Massachusetts - Base Rate Case                 | Requested Increase: \$24.1M, net of trackers                                                               | Filed: 4/13/2018<br>Withdrawn: 9/19/2018                                            |

**Continued Regulatory Execution Drives Growth and Customer Value**

## Infrastructure Investment Details

| Company                       | Recovery Mechanism                                                       | Incremental Infrastructure Investments |                         | Recovery            |                     |
|-------------------------------|--------------------------------------------------------------------------|----------------------------------------|-------------------------|---------------------|---------------------|
|                               |                                                                          | Investment Period                      | Investment Amount (\$M) | Filing Date         | Effective Date      |
| Columbia Gas of Ohio          | Infrastructure Replacement Program (IRP)                                 | FY 2017                                | \$207.0                 | Feb 2018            | May 2018            |
|                               |                                                                          | FY 2018                                | TBD                     | Expected - Feb 2019 | Expected - May 2019 |
| Columbia Gas of Pennsylvania  | Distribution System Improvement Charge (DSIC)                            | Mar 2018 - May 2018                    | \$31.8                  | Jun 2018            | Jul 2018            |
|                               |                                                                          | Jun 2018 - Aug 2018                    | \$55.4                  | Sept 2018           | Oct 2018            |
| Columbia Gas of Virginia      | Steps to Advance Virginia's Energy Plan (SAVE)                           | FY 2018                                | \$33.3                  | Aug 2017            | Jan 2018            |
|                               |                                                                          | FY 2019                                | \$36.0                  | Aug 2018            | Jan 2019            |
| Columbia Gas of Massachusetts | Gas System Enhancement Plan (GSEP)                                       | FY 2018                                | \$80.0                  | Oct 2017            | May 2018            |
|                               |                                                                          | FY 2019                                | \$64.0                  | Oct 2018            | Expected - May 2019 |
| Columbia Gas of Kentucky      | Accelerated Main Replacement Program (AMRP)                              | FY 2018                                | \$24.0                  | Oct 2017            | Jan 2018            |
|                               |                                                                          | FY 2019                                | \$30.1                  | Oct 2018            | Jan 2019            |
| Columbia Gas of Maryland      | Strategic Infrastructure Development and Enhancement (STRIDE)            | FY 2018                                | \$20.8                  | Nov 2017            | Jan 2018            |
|                               |                                                                          | FY 2019                                | \$19.7                  | Nov 2018            | Jan 2019            |
| NIPSCO – Gas                  | Transmission, Distribution and Storage System Improvement Charge (TDSIC) | TDSIC 8: Jul 2017 – Dec 2017           | \$54.0                  | Feb 2018            | Sept 2018           |
|                               |                                                                          | TDSIC 9: Jan 2018 – Jun 2018           | \$54.4                  | Aug 2018            | Jan 2019            |
| NIPSCO – Electric             | Transmission, Distribution and Storage System Improvement Charge (TDSIC) | TDSIC 4: Dec 2017 – May 2018           | \$72.2                  | Jul 2018            | Dec 2018            |
|                               |                                                                          | TDSIC 5: Jun 2018 – Nov 2018           | \$58.8                  | Jan 2019            | Expected - Jun 2019 |