

# Supplemental Slides

## Third Quarter 2016 Earnings

November 1, 2016



# Forward-Looking Statements

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding NiSource's business, performance, infrastructure or utility investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates, plans and expectations discussed in this presentation include, but are not limited to, 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; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; 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; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of Columbia Pipeline Group Inc. and other matters referenced in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in other filings with the Securities and Exchange Commission. 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 and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit 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 differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, asset sales and impairments, separation transaction-related 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 – Third Quarter 2016

- **2016 guidance range reaffirmed**
  - Expects to deliver 2016 net operating earnings\* of \$1.05 to \$1.10 per share
  - \$0.06 net operating EPS in Q3 2016 versus \$0.06 per share in Q3 2015\*
  - Expects to complete ~\$1.5B in capital investments in 2016
- **2017 earnings, capital plan guidance initiated**
  - Expects 2017 net operating earnings\* of \$1.12 to \$1.18 per share
  - 2017 capital plan forecast at ~\$1.5B
- **Continued progress on regulatory initiatives**
  - Settlement reached in Kentucky base rate case; settlements approved in Pennsylvania and Maryland
  - Interim base rates implemented in Virginia, with order expected in early 2017
  - New electric base rates in effect in Indiana
- **NIPSCO to submit Integrated Resource Plan Nov. 1**
- **Solid investment-grade credit ratings; strong financial foundation**

4-6% EPS\*\* and Dividend Growth Projected Over Long Term

\* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Nov. 1, 2016 Earnings Release

\*\*Net Operating Earnings Per Share from Continuing Operations (Non-GAAP)

## Third Quarter 2016 Financial Highlights\*

Non-GAAP**	Q3 2016	Q3 2015	Change
Net Operating Earnings from Continuing Operations (\$M)	\$19.3	\$18.5	\$0.8
Net Operating Earnings Per Share	\$0.06	\$0.06	\$0.00
Operating Earnings (\$M)	\$106.7	\$115.8	(\$9.1)

GAAP	Q3 2016	Q3 2015	Change
Income from Continuing Operations (\$M)	\$23.7	\$14.8	\$8.9
Earnings Per Share	\$0.07	\$0.05	\$0.02
Operating Income (\$M)	\$113.7	\$109.7	\$4.0

**2016 Guidance: \$1.05 - \$1.10 Per Share\*\***

\* In millions, except for earnings per share

\*\* Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Nov. 1, 2016 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

## Strong Financial Foundation to Support Long-Term Utility Growth Investments

- **Current debt level: ~\$7.74B as of September 30, 2016**
  - ~\$6.7B of long-term debt
    - Weighted average maturity ~13 years
    - Weighted average rate of 5.39%
- **Solid liquidity position**
  - ~\$1.7B of committed facilities in place
    - ~\$1.5B 5-year revolving credit facility
    - ~\$0.2B\* accounts receivable securitization facilities
  - ~\$677M in net available liquidity as of September 30, 2016\*\*
- **Committed to investment-grade credit ratings**
  - S&P BBB+ | Moody's Baa2 | Fitch BBB

## 2016 Capital Expenditures Expected to be ~\$1.5B

\* Committed capacity on accounts receivable securitization facilities changes with seasonality

\*\* Consisting of cash and available capacity under credit facilities

## Gas Distribution Operations – Third Quarter 2016

- Operating Earnings \$5.1M in 2016 vs. \$21.6M in 2015\*
- Significant progress on regulatory initiatives across several states
- Ongoing infrastructure enhancements on track, and designed to improve system safety, reliability, environmental performance and customer service

### Key Milestones:

<u>Highlight</u>	<u>Key Components</u>	<u>Status</u>
Columbia Gas of Pennsylvania Base Rate Case	<ul style="list-style-type: none"> <li>• Supports continued upgrades and replacement of natural gas infrastructure</li> <li>• Rate request based on capital investments and programs to enhance pipeline safety</li> <li>• Filing includes enhanced customer growth provisions</li> <li>• Requested \$55.3M annual revenue increase; Settlement includes - \$35.0M annual revenue increase</li> </ul>	<ul style="list-style-type: none"> <li>• Filed March 18, 2016</li> <li>• Settlement approved Oct. 27, 2016</li> <li>• New rates in effect Dec. 19, 2016</li> </ul>
Columbia Gas of Virginia Base Rate Case	<ul style="list-style-type: none"> <li>• Supports ongoing safety and reliability initiatives, increased demand for service</li> <li>• Requested \$37.0M annual revenue increase</li> </ul>	<ul style="list-style-type: none"> <li>• Filed April 29, 2016</li> <li>• Interim rates in effect Sept. 28, 2016, subject to refund</li> <li>• Order expected early 2017</li> </ul>
Columbia Gas of Kentucky Base Rate Case	<ul style="list-style-type: none"> <li>• Supports the company's ongoing initiatives to improve overall system safety and reliability</li> <li>• Requested \$25.4M annual revenue increase; Settlement includes - \$13.4M annual revenue increase</li> </ul>	<ul style="list-style-type: none"> <li>• Filed May 27, 2016</li> <li>• Settlement filed: Oct. 20, 2016</li> <li>• Order expected by YE 2016</li> </ul>
Columbia Gas of Maryland Base Rate Case	<ul style="list-style-type: none"> <li>• Supports continued replacement of aging infrastructure and pipeline safety upgrades</li> <li>• Settlement includes enhanced customer growth provisions</li> <li>• Requested \$6.5M annual revenue increase; Settlement approved - \$3.7M annual revenue increase</li> </ul>	<ul style="list-style-type: none"> <li>• Filed April 15, 2016</li> <li>• Settlement approved Oct. 27, 2016</li> <li>• New rates in effect Oct. 27, 2016</li> </ul>
NIPSCO Gas System Modernization Program	<ul style="list-style-type: none"> <li>• Seven-year, ~\$800M investment focused on system modernization to improve service and reliability, and customer growth</li> </ul>	<ul style="list-style-type: none"> <li>• TDSIC 5 - semi-annual tracker filed Aug. 2016; additional \$67M of investments in 1H 2016</li> </ul>

~\$20B in Identified Long-Term Infrastructure Investments

\* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Nov. 1, 2016 supplemental segment and financial information accompanying this presentation and available on the investor section of [www.nisource.com](http://www.nisource.com).

## Electric Operations – Third Quarter 2016

- Operating Earnings \$104.6M in 2016 vs. \$101.6M in 2015\*
- Settlement approved in seven-year \$1.25B electric system modernization program
- Settlement approved in electric base rate case; new rates became effective Oct. 1, 2016
- Two electric transmission projects on schedule, with line and tower construction underway
- Integrated Resource Plan (IRP) to be submitted Nov. 1

### Key Milestones:

<u>Highlight</u>	<u>Key Components</u>	<u>Status</u>
Electric Base Rate Case	<ul style="list-style-type: none"> <li>• Provides platform for continued investments and service improvements for customers</li> <li>• \$72.5M annual revenue increase</li> </ul>	<ul style="list-style-type: none"> <li>• Settlement approved on July 18, 2016</li> <li>• Rates effective Oct. 1, 2016</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>• Supports recovery of ~1.25B in investments through 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Settlement approved on July 12, 2016</li> <li>• TDSIC 1 filed June 2016</li> </ul>
Electric Transmission System Enhancement Projects	<ul style="list-style-type: none"> <li>• Reynolds to Topeka Project                             <ul style="list-style-type: none"> <li>• 100-mile, 345-kV transmission project</li> <li>• ~\$350M-\$400M investment</li> </ul> </li> <li>• Greentown to Reynolds (<i>Joint Project</i>)                             <ul style="list-style-type: none"> <li>• 65-mile, 765-kV transmission project</li> <li>• ~\$350M-\$400M investment (NIPSCO portion ~\$175M-\$200M)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Right-of-way acquisition nearly complete</li> <li>• Substation, line and tower construction underway</li> <li>• Both projects expected to be in service by 2H 2018</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>• Goal is to provide affordable, clean energy while maintaining flexibility for future technology and market changes</li> <li>• Remains consistent with future generation strategy previewed in August</li> </ul>	<ul style="list-style-type: none"> <li>• To be submitted Nov. 1, 2016</li> </ul>

## Approved Settlements Reinforce Confidence in Long-Term Investment Programs

\* Operating Earnings (non-GAAP); For a reconciliation to GAAP, see the Company's Nov. 1, 2016 Earnings Release and supplemental segment and financial information accompanying this presentation and available on the investor section of [www.nisource.com](http://www.nisource.com).

# NiSource Strategic Framework

## Aspiration

### Premier Regulated Utility Company

## Strategic Approach

### Delivering on Our Commitments

- Industry-leading safety and performance
- Top-tier customer satisfaction
- Investments that systematically and efficiently deliver service integrity
- Dependable, predictable and timely service and emergency response
- Growing our customer base by expanding into unserved areas
- Recognized among the best places to work by all in our communities
- Sustained year-to-year 4%-6% net operating earnings and dividend growth

## Value Proposition

### Best-in-Class Risk-Adjusted Total Return Proposition

- ~\$30B of identified 100% regulated utility infrastructure investments
- Scale across seven states
- Transparent earnings and cash flow drivers
- Constructive regulatory environments and mechanisms

Sustainable, Long-Term Value Creation with Commitment to Investment-Grade Ratings



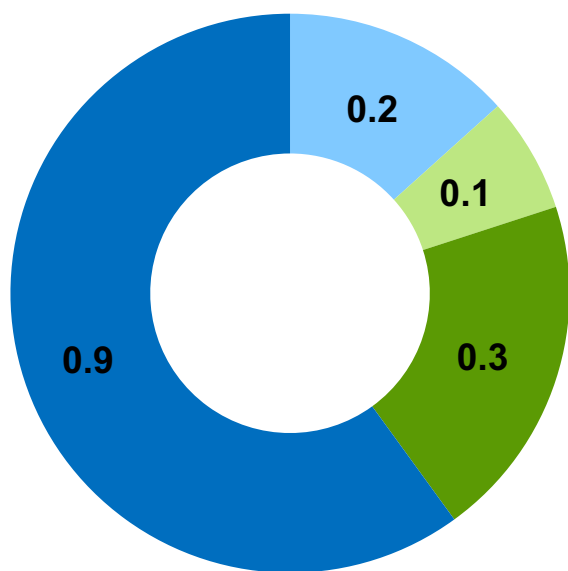
Appendix:  
Third Quarter 2016 Earnings



# Capital Expenditures (\$B)\*

Investments Deliver Customer Value, Enhance System Safety and Reliability

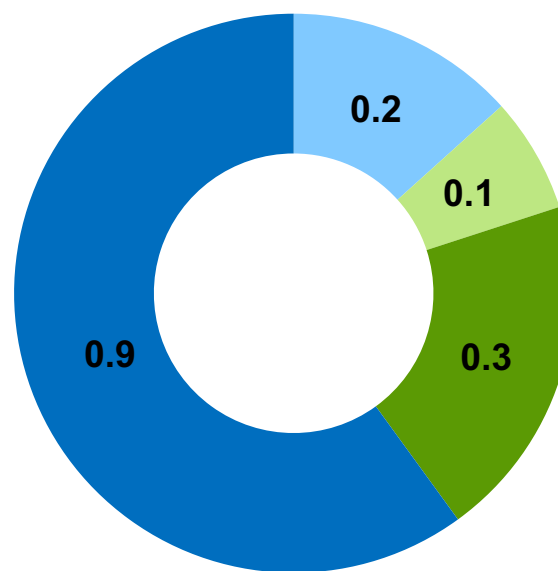
2016E = ~\$1.5B



Electric

Growth/Tracker Maintenance

2017E = ~\$1.5B



Gas Distribution

Growth/Tracker Maintenance

Growth/Tracker (80%) and Maintenance (20%)

\*Includes Corporate (2016E = \$21M, 2017E = \$12M)

## Current Liquidity and Debt Detail (\$M)

	Actual 9/30/16	Maturity
Revolving Credit Facility – NFC	\$ 1,500	July 1, 2020
Accounts Receivable Program*	235	
<b>Less:</b>		
Drawn on Credit Facility – NFC	—	
Commercial Paper	824	
Accounts Receivable Program Utilized	235	
L/C's Outstanding Under Credit Facility	15	
<b>Add:</b>		
Cash & Equivalents	16	
<b>Net Available Liquidity</b>	<b>\$ 677</b>	

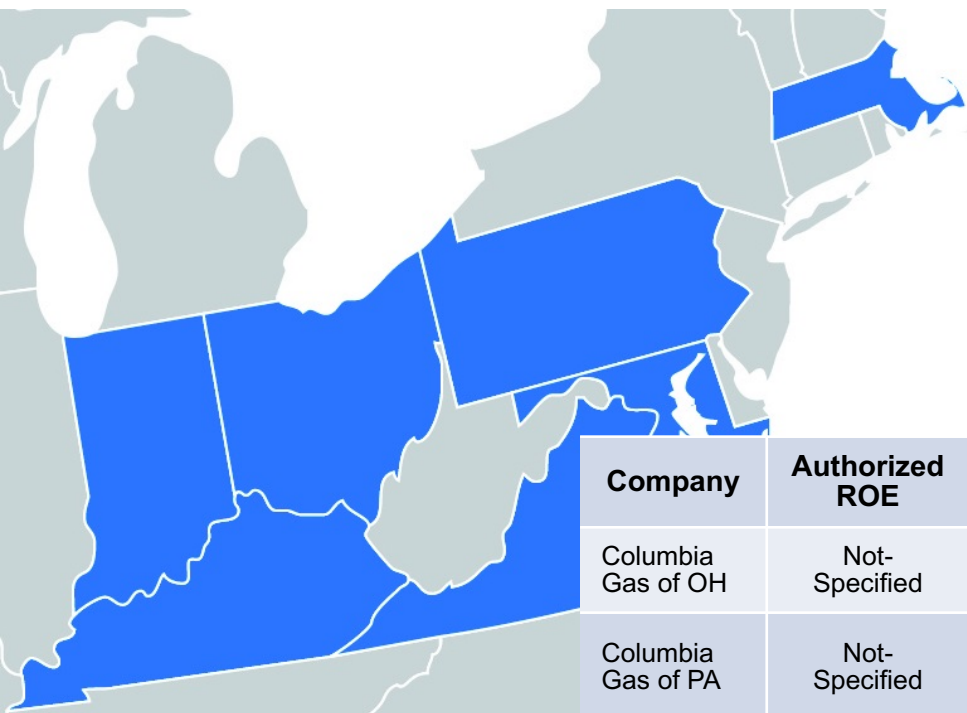
	Balance	Wtd. Avg. Rate**	Wtd. Avg. Maturity
Long-Term Debt	\$ 6,526	5.39%	12.94
Commercial Paper	824	1.07%	25 days
A/R Program Borrowings	235	0.86%	Approx. 1 mo.
Capital Leases, Def Cost & Other	153	N/A	N/A
<b>Total Debt</b>	<b>\$ 7,738</b>		

\* 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

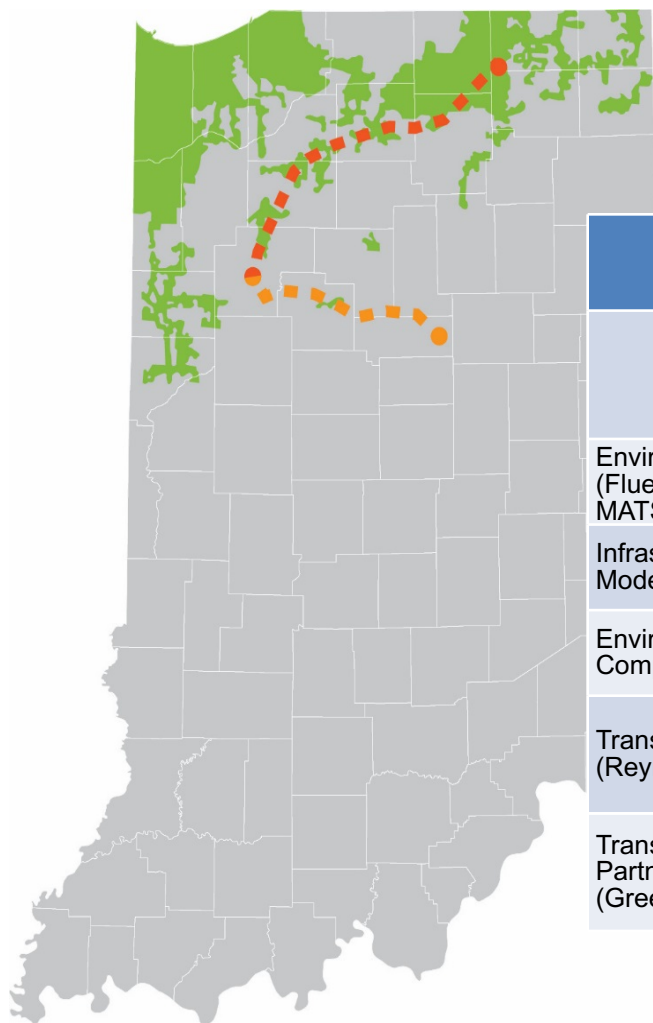
## Gas Distribution Infrastructure Programs



Company	Authorized ROE	Year-End 2015 Rate Base	Identified Investments	Annual Program Investment	Recovery Mechanism	Investment Horizon
Columbia Gas of OH	Not-Specified	\$1.9B	~\$4.1B	\$175M - \$240M	Tracked	20-25 Years
Columbia Gas of PA	Not-Specified	\$1.2B	~\$3.0B	\$150M - \$210M	Rate Case (Forward Test Year)	15-20 Years
NIPSCO Gas	9.90%	\$810M	~\$4.5B	\$100M - \$130M	Tracked	20-25 Years
Columbia Gas of MA	9.55%	\$636M	~\$1.4B	\$50M - \$75M	Tracked	15-20 Years
Columbia Gas of VA	9.75%	\$550M	~\$550M	\$25M - \$35M	Tracked	15-20 Years
Columbia Gas of KY	Not-Specified	\$236M	~\$750M	\$10M - \$20M	Tracked	25-30 Years
Columbia Gas of MD	9.70%	\$84M	~\$200M	\$5M - \$15M	Tracked	15-20 Years

**Robust Long-Term Investment Programs Deliver Value on \$5.4B Rate Base**

# Electric Operations Investment Programs



Infrastructure Investment Programs/Projects				
Program/Project	Identified Investments	Annual Investment	Recovery Mechanism	Program/Project Length
Environmental (Flue Gas Desulfurization, MATS)	~\$850M	~\$30M in 2016	Tracked/Rate Base	1 Year Remaining (FGDs Complete)
Infrastructure Modernization	~\$6.8B	~\$120M - \$220M	Tracked	20+ Years
Environmental Compliance	~\$350M - \$500M	TBD	Tracked	~5 Years
Transmission Project I (Reynolds-Topeka)	~\$350M - \$400M	~\$50M - \$140M	FERC Approved Formula Rates	Expected Completion 2H 2018
Transmission Project II – Partnership (Greentown-Reynolds)	~\$350M - \$400M (NI: ~\$175M-\$200M)	~\$25M - \$70M	FERC Approved Formula Rates	Expected Completion 2H 2018

High-Value Investments with an Authorized ROE of 9.975% on \$3.5B Rate Base\*

\* As of Year-End 2015

## Regulatory Update

2016 Rate Case and Program Renewal Activity		
Company/Filing	Summary	Timeline*
<b>In Progress</b>		
Columbia Gas of Virginia – Base Rate Case	Requested Increase: ~\$37M	Filed: 4/29/2016 Rates in Effect**: 9/28/2016 Order Expected: 1Q 2017
<b>Pending Approval</b>		
Columbia Gas of Kentucky – Base Rate Case	Requested Increase: ~\$25.4M Settled Increase: ~\$13.4M	Filed: 5/27/2016 Settlement Filed: 10/20/2016 Effective: 4Q 2016
<b>Complete</b>		
Columbia Gas of Pennsylvania – Base Rate Case	Requested Increase: ~\$55M Settled Increase: ~\$35M	Filed: 3/18/2016 Settlement Approved: 10/27/2016 Effective: 12/19/2016
Columbia Gas of Maryland – Base Rate Case	Requested Increase: ~\$6.5M Settled Increase: ~\$3.7M	Filed: 4/15/2016 Settlement Approved: 10/27/2016 Effective: 10/27/2016
NIPSCO Gas – 7-Year Modernization Plan (TDSIC 4)	Tracker/Plan Update Filing (Investment of ~\$800M)	Filed: 2/29/2016 Approved: 6/22/2016 Effective: 6/1/2016
NIPSCO Electric – Base Rate Case	Filed Increase: ~\$127M Settled Increase: ~\$73M	Filed: 10/1/2015 Settlement Approved: 7/18/2016 Effective: 10/1/2016
NIPSCO Electric – 7-Year Modernization Plan (TDSIC)	New 7-Year Plan Filing (Investment of ~\$1.25B)	Filed: 12/31/2015 Settlement Approved: 7/12/2016 Effective: 2/1/2017

## Continued Regulatory Execution Drives Growth and Stakeholder Enhancements

\* The period during which the new rates will be effective is estimated, and is subject to the decision of the applicable regulatory commission

\*\* Rates in effect subject to refund

## Infrastructure Investment Details

Company	Recovery Mechanism	Incremental Infrastructure Investments		Recovery	
		Investment Period	Investment Amount	Filing Date	Effective Date
Columbia Gas of Ohio	Infrastructure Replacement Program (IRP)	FY 2015	~\$185M	Feb 2016	May 2016
		FY 2016	TBD	Expected - Feb 2017	Expected - May 2017
Columbia Gas of Pennsylvania*	Base Rate Case with Fully Forecasted Test Year	FY 2016	~\$147M	Mar 2015	Dec 2015
		FY 2017	~\$204M	Mar 2016	Dec 2016
Columbia Gas of Virginia	Steps to Advance Virginia's Energy Plan (SAVE)	FY 2016	~\$30M	Aug 2015	Jan 2016
		FY 2017	~\$37M	Aug 2016	Pending - Jan 2017
Columbia Gas of Massachusetts	Gas System Enhancement Plan (GSEP)	FY 2016	~\$59M	Oct 2015	May 2016
		FY 2017	~\$73M	Oct 2016	Pending - May 2017
Columbia Gas of Kentucky	Accelerated Main Replacement Program (AMRP)	FY 2016	~\$16M	Oct 2015	Jan 2016
		FY 2017	~\$17M**	May 2016	Pending - Dec 2016
Columbia Gas of Maryland	Strategic Infrastructure Development and Enhancement (STRIDE)	FY 2016	~\$9M	Nov 2015	Jan 2016
		FY 2017	TBD	Expected - Nov 2016	Expected - Jan 2017
NIPSCO – Gas	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 4: Jul 2015 – Dec 2015	~\$72M	Feb 2016	Jun 2016
		TDSIC 5: Jan 2016 – Jun 2016	~\$67M	Aug 2016	Pending - Jan 2017
NIPSCO – Electric	Transmission, Distribution and Storage System Improvement Charge (TDSIC)	TDSIC 1: Jan 2016 – Apr 2016	~\$46M	Jun 2016	Feb 2017
		TDSIC 2: May 2016 – Apr 2017	TBD	Expected - Jul 2017	Expected - Oct 2017

\* Pennsylvania also allows for a tracking mechanism for infrastructure investments – Distribution System Improvement Charge (DSIC)

\*\* 2017 Investment for KY included in base rate case filing