Columbia Gas of Pennsylvania, Inc.
2016 General Rate Case
Docket No. R-2016-2529660
Standard Data Request
GASROR No. 01-05
Volume 1 of 3

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-001:

Please supply copies of the following documents for the Company and, if applicable, its parent:

a. Most recent Annual Report to shareholders (including any statistical supplements);
b. Most recent SEC Form 10K;
c. All SEC Form 10Q reports issued within last year.

Response:

a. See Attachment A to Exhibit No. 403 for a copy of the December 31, 2014 NiSource Inc. Annual Message to Stockholders.

b. See Attachment B to Exhibit No. 403 for a copy of the December 31, 2015 10Q.

c. See GAS-ROR-001, Attachments A through C for the NiSource Inc. June 30, 2015 SEC Form 10Q (Attachment A), March 31, 2015 SEC Form 10Q (Attachment B) and September 30, 2014 SEC Form 10Q (Attachment C).

   See Exhibit No. 402 for a copy of the September 30, 2015 NiSource Inc. 10Q.

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 08/03/15 for the Period Ending 06/30/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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)

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

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.)
Yes ☑ No ☐

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

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 317,859,139 shares outstanding at July 30, 2015 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2015

Table of Contents

DEFINED TERMS

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

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CEVCO	Columbia Energy Ventures, LLC
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company, LLC
Columbia Midstream	Columbia Midstream Group, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia OpCo	CPG OpCo LP
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Pennant	Pennant Midstream, LLC

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule

DEFINED TERMS (continued)

CAMR	Clean Air Mercury Rule
CCRs	Coal Combustion Residuals
CCRM	Capital Cost Recovery Mechanism
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
Dth/d	Dekatherm per day
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
IPO	Initial Public Offering
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet

DEFINED TERMS (continued)

MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MLP	Master Limited Partnership
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
Separation	The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The Separation was completed on July 1, 2015.
ppb	Parts per billion
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Advance Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	**2015**	2014	**2015**	2014
Net Revenues				
Gas Distribution	**$ 305.9**	$ 423.5	**$ 1,386.6**	$ 1,638.5
Gas Transportation and Storage	**427.4**	390.1	**1,055.4**	968.6
Electric	**375.6**	404.8	**770.3**	854.8
Other	**60.1**	116.7	**106.4**	193.7
Gross Revenues	**1,169.0**	1,335.1	**3,318.7**	3,655.6
Cost of Sales (excluding depreciation and amortization)	**218.6**	371.7	**1,024.6**	1,433.0
Total Net Revenues	**950.4**	963.4	**2,294.1**	2,222.6
Operating Expenses				
Operation and maintenance	**561.0**	533.1	**1,135.1**	1,034.3
Depreciation and amortization	**167.4**	149.1	**324.9**	297.8
Gain on sale of assets	**(8.5)**	(0.7)	**(13.5)**	(16.4)
Other taxes	**79.1**	73.4	**181.5**	174.5
Total Operating Expenses	**799.0**	754.9	**1,628.0**	1,490.2
Equity Earnings in Unconsolidated Affiliates	**13.7**	11.1	**29.1**	20.9
Operating Income	**165.1**	219.6	**695.2**	753.3
Other Income (Deductions)				
Interest expense, net	**(117.1)**	(109.1)	**(228.1)**	(218.2)
Other, net	**6.5**	7.5	**13.6**	12.0
Loss on early extinguishment of long-term debt	**(97.2)**	—	**(97.2)**	—
Total Other Deductions	**(207.8)**	(101.6)	**(311.7)**	(206.2)
(Loss) Income from Continuing Operations before Income Taxes	**(42.7)**	118.0	**383.5**	547.1
Income Taxes	**(15.3)**	39.5	**135.6**	202.2
(Loss) Income from Continuing Operations	**(27.4)**	78.5	**247.9**	344.9
Loss from Discontinued Operations - net of taxes	**(0.3)**	(0.3)	**(0.3)**	(0.5)
Net (Loss) Income	**(27.7)**	78.2	**247.6**	344.4
Less: Net income attributable to noncontrolling interest	**8.7**	—	**15.6**	—
Net (Loss) Income attributable to NiSource	**$ (36.4)**	$ 78.2	**$ 232.0**	$ 344.4
Amounts attributable to NiSource:				
(Loss) Income from continuing operations	**$ (36.1)**	$ 78.5	**$ 232.3**	$ 344.9
Loss from discontinued operations	**(0.3)**	(0.3)	**(0.3)**	(0.5)
Net (Loss) Income attributable to NiSource	**$ (36.4)**	$ 78.2	**$ 232.0**	$ 344.4
Basic (Loss) Earnings Per Share				
Continuing operations	**$ (0.11)**	$ 0.25	**$ 0.73**	$ 1.10
Discontinued operations	**—**	—	**—**	—
Basic (Loss) Earnings Per Share	**$ (0.11)**	$ 0.25	**$ 0.73**	$ 1.10
Diluted (Loss) Earnings Per Share				
Continuing operations	**$ (0.11)**	$ 0.25	**$ 0.73**	$ 1.09
Discontinued operations	**—**	—	**—**	—
Diluted (Loss) Earnings Per Share	**$ (0.11)**	$ 0.25	**$ 0.73**	$ 1.09
Dividends Declared Per Common Share	**$ —**	$ 0.26	**$ 0.52**	$ 0.76
Basic Average Common Shares Outstanding	**317.5**	315.0	**317.0**	314.6
Diluted Average Common Shares	**317.5**	316.1	**318.0**	315.7

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, net of taxes)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net (Loss) Income	$ **(27.7)**	$ 78.2	$ **247.6**	$ 344.4
Other comprehensive (loss) income				
Net unrealized (loss) gain on available-for-sale securities [(1)]	**(1.2)**	0.5	**(0.3)**	0.8
Net unrealized gain on cash flow hedges [(2)]	**0.7**	0.7	**1.6**	1.3
Unrecognized pension and OPEB benefit (cost) [(3)]	**2.7**	(0.1)	**2.9**	0.1
Total other comprehensive income	**2.2**	1.1	**4.2**	2.2
Comprehensive (Loss) Income	$ **(25.5)**	$ 79.3	$ **251.8**	$ 346.6
Less: Comprehensive income attributable to noncontrolling interest	**8.7**	—	**15.6**	—
Comprehensive (Loss) Income attributable to NiSource	$ **(34.2)**	$ 79.3	$ **236.2**	$ 346.6

[(1)] Net unrealized (loss) gain on available-for-sale securities, net of $ 0.7 million tax benefit and $ 0.2 million tax expense in the second quarter of 2015 and 2014 , respectively, and $0.2 million tax benefit and $0.4 million tax expense for the first six months of 2015 and 2014, respectively.

[(2)] Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.5 million and $0.4 million tax expense in the second quarter of 2015 and 2014 , respectively, and $0.9 million and $0.8 million tax expense for the first six months of 2015 and 2014, respectively.

[(3)] Unrecognized pension and OPEB benefit (cost), net of $2.3 million tax expense and $0.7 million tax benefit in the second quarter of 2015 and 2014 , respectively, and $2.2 million and $0.7 million tax expense for the first six months of 2015 and 2014, respectively.

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	**June 30, 2015**	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 26,225.2**	$ 25,234.8
Accumulated depreciation and amortization	**(9,718.8)**	(9,578.6)
Net utility plant	**16,506.4**	15,656.2
Other property, at cost, less accumulated depreciation	**401.9**	360.9
Net Property, Plant and Equipment	**16,908.3**	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	**452.3**	452.6
Other investments	**200.7**	210.4
Total Investments and Other Assets	**653.0**	663.0
Current Assets		
Cash and cash equivalents	**496.6**	25.4
Restricted cash	**25.2**	24.9
Accounts receivable (less reserve of $38.1 and $25.2, respectively)	**672.7**	1,070.1
Gas inventory	**259.2**	445.1
Underrecovered gas costs	**3.5**	32.0
Materials and supplies, at average cost	**112.4**	106.0
Electric production fuel, at average cost	**96.5**	64.8
Exchange gas receivable	**57.1**	63.1
Regulatory assets	**175.5**	193.5
Deferred income taxes	**303.8**	272.1
Prepayments and other	**133.2**	169.5
Total Current Assets	**2,335.7**	2,466.5
Other Assets		
Regulatory assets	**1,673.7**	1,696.4
Goodwill	**3,666.2**	3,666.2
Intangible assets	**258.4**	264.7
Deferred charges and other	**111.6**	92.4
Total Other Assets	**5,709.9**	5,719.7
Total Assets	**$ 25,606.9**	$ 24,866.3

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, except share amounts)	June 30, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 317,668,149 and 316,037,421 shares outstanding, respectively	$ 3.2	$ 3.2
Additional paid-in capital	5,065.1	4,787.6
Retained earnings	1,561.1	1,494.0
Accumulated other comprehensive loss	(44.4)	(50.6)
Treasury stock	(79.1)	(58.9)
Total NiSource Common Stockholders' Equity	6,505.9	6,175.3
Noncontrolling interest in consolidated subsidiaries	950.0	—
Total Equity	7,455.9	6,175.3
Long-term debt, excluding amounts due within one year	8,881.1	8,155.9
Total Capitalization	16,337.0	14,331.2
Current Liabilities		
Current portion of long-term debt	442.6	266.6
Short-term borrowings	161.8	1,576.9
Accounts payable	429.2	670.6
Customer deposits and credits	206.9	294.3
Taxes accrued	221.5	266.7
Interest accrued	141.6	140.7
Overrecovered gas and fuel costs	198.6	45.6
Exchange gas payable	63.9	136.2
Deferred revenue	21.6	25.6
Regulatory liabilities	136.1	62.4
Accrued capital expenditures	146.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	34.5	24.2
Other accruals	313.8	378.1
Total Current Liabilities	2,524.3	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,822.6	3,661.6
Deferred investment tax credits	16.1	17.3
Deferred credits	105.1	101.1
Accrued liability for postretirement and postemployment benefits	633.9	675.9
Regulatory liabilities	1,692.6	1,673.8
Asset retirement obligations	204.7	159.4
Other noncurrent liabilities	270.6	291.1
Total Other Liabilities and Deferred Credits	6,745.6	6,580.2
Commitments and Contingencies (Refer to Note 17)	—	—
Total Capitalization and Liabilities	$ 25,606.9	$ 24,866.3

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Six Months Ended June 30, *(in millions)*	2015	2014
Operating Activities		
Net Income	$ 247.6	$ 344.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	—
Depreciation and amortization	324.9	297.8
Net changes in price risk management assets and liabilities	0.1	1.4
Deferred income taxes and investment tax credits	119.2	186.8
Deferred revenue	6.8	1.6
Stock compensation expense and 401(k) profit sharing contribution	33.4	27.9
Gain on sale of assets	(13.5)	(16.4)
Income from unconsolidated affiliates	(28.4)	(20.6)
Loss from discontinued operations - net of taxes	0.3	0.5
Amortization of debt related costs	5.4	5.1
AFUDC equity	(13.3)	(9.2)
Distributions of earnings received from equity investees	27.9	12.9
Changes in Assets and Liabilities		
Accounts receivable	385.6	176.4
Income tax receivable	(0.2)	1.0
Inventories	146.8	28.2
Accounts payable	(249.6)	(170.3)
Customer deposits and credits	(114.8)	(20.9)
Taxes accrued	(44.7)	(43.2)
Interest accrued	0.9	5.5
Over (Under) recovered gas and fuel costs	181.5	(11.6)
Exchange gas receivable/payable	(66.2)	(112.3)
Other accruals	(69.8)	(47.6)
Prepayments and other current assets	36.7	43.0
Regulatory assets/liabilities	125.4	14.8
Postretirement and postemployment benefits	(41.5)	(61.8)
Deferred credits	3.7	11.1
Deferred charges and other noncurrent assets	2.3	(0.3)
Other noncurrent liabilities	12.0	7.8
Net Operating Activities from Continuing Operations	1,115.7	652.0
Net Operating Activities used for Discontinued Operations	(0.1)	(1.0)
Net Cash Flows from Operating Activities	1,115.6	651.0
Investing Activities		
Capital expenditures	(991.1)	(852.9)
Insurance recoveries	2.1	6.8
Proceeds from disposition of assets	16.7	6.2
Restricted cash deposits	(0.3)	(1.8)
Distributions from (contributions to) equity investees	2.2	(54.8)
Other investing activities	(23.4)	(1.1)
Net Cash Flows used for Investing Activities	(993.8)	(897.6)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	1,168.4	—
Issuance of long-term debt	2,745.9	—
Repayments of long-term debt and capital lease obligations	(1,856.4)	(13.3)

Premiums and other debt related costs	**(116.0)**	—
Change in short-term borrowings, net	**(1,415.1)**	402.4
Issuance of common stock	**12.4**	16.1
Acquisition of treasury stock	**(20.2)**	(10.2)
Distributions to noncontrolling interest	**(4.9)**	—
Dividends paid - common stock	**(164.7)**	(157.2)
Net Cash Flows from Financing Activities	**349.4**	237.8
Change in cash and cash equivalents from (used for) continuing operations	**471.3**	(7.8)
Change in cash and cash equivalents used for discontinued operations	**(0.1)**	(1.0)
Cash and cash equivalents at beginning of period	**25.4**	26.8
Cash and Cash Equivalents at End of Period	**$ 496.6**	$ 18.0

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2015	$ 3.2	$ (58.9)	$ 4,787.6	$ 1,494.0	$ (50.6)	$ —	$ 6,175.3
Comprehensive Income:							
Net Income	—	—	—	232.0	—	15.6	247.6
Other comprehensive income, net of tax	—	—	—	—	4.2	—	4.2
Allocation of AOCI to noncontrolling interest	—	—	—	—	2.0	(2.0)	—
Common stock dividends ($0.52 per share)	—	—	—	(164.9)	—	—	(164.9)
Treasury stock acquired	—	(20.2)	—	—	—	—	(20.2)
Distribution to noncontrolling interest ($0.09 per unit)	—	—	—	—	—	(4.9)	(4.9)
Issued:							
Common units of CPPL	—	—	—	—	—	1,168.4	1,168.4
Employee stock purchase plan	—	—	2.6	—	—	—	2.6
Long-term incentive plan	—	—	13.2	—	—	—	13.2
401(k) and profit sharing issuance	—	—	30.8	—	—	—	30.8
Dividend reinvestment plan	—	—	3.8	—	—	—	3.8
Sale of interest in Columbia OpCo to CPPL [(1)]	—	—	227.1	—	—	(227.1)	—
Balance as of June 30, 2015	$ 3.2	$ (79.1)	$ 5,065.1	$ 1,561.1	$ (44.4)	$ 950.0	$ 7,455.9

[(1)] Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the $1,168.4 million equity contribution.

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries, including Columbia Pipeline Group, Inc. ("CPG"). Refer to Note 21 for further information regarding the Separation of CPG from the Company, which was completed on July 1, 2015. Beginning with NiSource's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015, CPG will be reported as discontinued operations.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

2. Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

3. Columbia Pipeline Partners LP (CPPL)

On December 5, 2007, NiSource formed CPPL (the "Partnership") (NYSE: CPPL) to own, operate and develop a portfolio of pipelines, storage and related assets.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,168.4 million of net proceeds from the IPO. NiSource, through CPG, owned the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership are consolidated in NiSource's financial statements for the three and six months ended June 30, 2015. Beginning July 1, 2015, CPG is no longer a subsidiary of NiSource and, thus, NiSource ceased to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership. As of June 30, 2015 , the portion of CPPL owned by the public is reflected as a noncontrolling interest in the Condensed Consolidated Financial Statements (unaudited).

The table below summarizes the effects of the changes in NiSource's ownership interest in Columbia OpCo on equity for the three and six months ended June 30, 2015:

(in millions)	**Three Months Ended June 30, 2015**	**Six Months Ended June 30, 2015**
Net (loss) income attributable to NiSource	**$ (36.4)**	**$ 232.0**
Increase in NiSource's paid-in capital for the sale of 8.4% of Columbia OpCo	**—**	**227.1**
Change from net (loss) income attributable to NiSource and transfers to noncontrolling interest	**$ (36.4)**	**$ 459.1**

The Partnership maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015 , CPPL had $20.0 million of outstanding borrowings under this facility.

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares for the three months ended June 30, 2015 is not presented since NiSource had a loss from continuing operations and a net loss on the Condensed Statements of Consolidated (Loss) Income (unaudited) during the period and any incremental shares would have an antidilutive effect on EPS. The computation of diluted average common shares follows:

	Three Months Ended June 30,	Six Months Ended June 30,	
(in thousands)	2014	**2015**	2014
Denominator			
Basic average common shares outstanding	315,013	**317,035**	314,620
Dilutive potential common shares:			
Stock options	41	**—**	39
Shares contingently issuable under employee stock plans	616	**513**	580
Shares restricted under stock plans	431	**483**	427
Diluted Average Common Shares	316,101	**318,031**	315,666

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

5. Gas in Storage

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of $9.8 million and zero as of June 30, 2015 and December 31, 2014 , respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the six months ended June 30, 2015 and 2014 are presented in the table below:

(in millions)	**2015**	2014
Balance as of January 1,	**$ 159.4**	$ 174.4
Accretion expense	**0.6**	0.8
Accretion recorded as a regulatory asset/liability	**3.9**	4.2
Additions	**7.6**	3.0
Settlements	**(1.2)**	(1.0)
Change in estimated cash flows [(1)]	**34.4**	(3.4)
Balance as of June 30,	**$ 204.7**	$ 178.0

[(1)] The change in estimated cash flows is primarily attributable to estimated costs to comply with the EPA's final rule for regulation of CCRs and changes to cost estimates for certain solid waste management units. Refer to Note 17-C for additional information on CCRs.

7. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by $24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application. New rates went into effect on May 1, 2015.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of $46.2 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds $197.0 million in 2015 and $211.0 million in 2016 as well as costs to train and comply with pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief includes the recovery of costs that are projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. New rates are expected to go into effect during the fourth quarter of 2015.

On May 1, 2015, Columbia of Massachusetts filed its 2015 TIRF compliance filing for recovery of calendar year 2014 eligible facilities requesting recovery of a revenue requirement of $13.9 million effective November 1, 2015. If approved, the 2015 TIRF would terminate on March 1, 2016 concurrent with the effective date of the new distribution rates in Columbia of Massachusetts' currently pending rate case.

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

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately $49.0 million , is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. Columbia of Massachusetts has arrived at a settlement agreement in principle with the Attorney General in the case. The settlement agreement is expected to be finalized and filed for approval with the Massachusetts DPU in August 2015.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million . On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding. The Stipulation includes a base revenue increase of $25.2 million , recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015, the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation. On March 30, 2015, the VSCC issued an Order Remanding for Further Action. In the Order, the VSCC found the revenue increase of $25.2 million contained in the Stipulation reasonable. However, the VSCC remanded back to the Hearing Examiner for further proceedings the manner in which fixed costs are to be assigned to the fixed customer charges of each rate class. Following a hearing on June 3, 2015, the Hearing Examiner issued a report on June 30, 2015 recommending specific customer charges for each rate class. VSCC action on the report is pending, and a final order is expected by the end of 2015.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such tracking mechanisms include GCR adjustment mechanisms, tax riders and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expense. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

NIPSCO has approval from the IURC to recover certain costs for gas transmission, distribution and storage system improvements. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included $43.3 million of net capital expenditures for the period ended December 31, 2014. Given the Indiana Court of Appeals decision in NIPSCO's electric TDSIC filing (for further information, see "Electric Operations Regulatory Matters" below), NIPSCO elected to dismiss its TDSIC-2 filing in favor of supplying further detailed plan updates in the next proceeding, TDSIC-3, which NIPSCO expects to file by September 1, 2015. The TDSIC-3 filing will include net capital expenditures for the period ended June 30, 2015, inclusive of the $43.3 million from the TDSIC-2 filing.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for a 100-mile, 345 kV transmission project and its right to develop 50 percent of a 65-mile, 765 kV project. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance. For the six months ended June 30, 2015 and 2014, revenue of $10.0 million and $4.2 million , respectively, was recorded.

On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC's February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an Order concluding that the IURC erred in approving NIPSCO's seven-year plan given its lack of detail regarding the projects for years two through seven. The Court then remanded the decision to the IURC. On May 26, 2015, NIPSCO filed a settlement on remand which, among other things, requires NIPSCO to file an electric general rate case proceeding by December 31, 2015 and a new seven-year electric TDSIC plan following the filing of its next general rate case proceeding. This settlement is currently pending at the IURC, and a hearing was held on July 20, 2015. An order is expected in the third quarter of 2015.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On April 22, 2015, the IURC issued an order on ECR-25 approving NIPSCO's request to begin earning a return on $734.1 million of net capital expenditures for the period ended December 31, 2014. The order also approved a revised capital cost estimate of $264.8 million for its Phase III multi-pollutant compliance plan projects related to the Unit 12 FGD, an increase from the previous IURC approved cost estimate of $246.3 million . On July 31, 2015, NIPSCO filed ECR-26 which included $776.5 million of net capital expenditures for the period ended June 30, 2015.

NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014. On February 26, 2015, NIPSCO filed electric TDSIC-2 which included $62.3 million of net capital expenditures for the period ended December 31, 2014. The TDSIC-2 proceeding is stayed pending the outcome of the remand. See further discussion regarding the electric TDSIC above.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately $300.0 million in modernization investments during 2015. Recovery of approximately $320.0 million of investments made in 2014 began on February 1, 2015.

Cost Recovery Trackers. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, operational purchases and sales of natural gas, and the revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system as discussed above.

8. 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 NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2015 and December 31, 2014 :

Recurring Fair Value Measurements June 30, 2015 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.4	$ —	$ 0.2	$ 0.6
Available-for-sale securities	27.3	99.7	—	127.0
Total	**$ 27.7**	**$ 99.7**	**$ 0.2**	**$ 127.6**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 8.3	$ —	$ —	$ 8.3
Total	**$ 8.3**	**$ —**	**$ —**	**$ 8.3**

Recurring Fair Value Measurements December 31, 2014 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.1	$ —	$ —	$ 0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	**$ 28.5**	**$ 103.5**	**$ —**	**$ 132.0**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 14.2	$ —	$ 0.1	$ 14.3
Total	**$ 14.2**	**$ —**	**$ 0.1**	**$ 14.3**

Price risk management assets and liabilities primarily include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 2015 and December 31, 2014 , 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 NiSource's financial instruments.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale debt securities at June 30, 2015 and December 31, 2014 were:

June 30, 2015 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 27.5	$ 0.2	$ (0.2)	$ 27.5
Corporate/Other bonds	99.5	0.7	(0.7)	99.5
Total Available-for-sale debt securities	**$ 127.0**	**$ 0.9**	**$ (0.9)**	**$ 127.0**
December 31, 2014 *(in millions)*	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.8	$ 0.3	$ (0.2)	$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total Available-for-sale debt securities	**$ 131.4**	**$ 1.3**	**$ (0.8)**	**$ 131.9**

For the three months ended June 30, 2015 and 2014 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.1 million and zero , respectively. For the three months ended June 30, 2015 and 2014 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.1 million for each period.

For the six months ended June 30, 2015 and 2014, the net realized gain on sale of available-for-sale U.S. Treasury debt securities was $0.1 million for each period. For the six months ended June 30, 2015 and 2014, the net gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.1 million and $0.2 million , respectively.

The cost of maturities sold is based upon specific identification. At June 30, 2015 , approximately $2.2 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At June 30, 2015 , approximately $7.9 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2015 and 2014 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the six months ended June 30, 2015 .

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. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the six months ended June 30, 2015 and 2014 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of June 30, 2015**	**Estimated Fair Value as of June 30, 2015**	Carrying Amount as of Dec. 31, 2014	Estimated Fair Value as of Dec. 31, 2014
Long-term debt (including current portion)	**$ 9,323.7**	**$ 9,958.4**	$ 8,422.5	$ 9,505.7

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the purchasers 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 sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. T his agreement was last renewed on October 17, 2014; the current agreement expires on October 16, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $240 million . As of June 30, 2015 , no accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 27, 2014; the current agreement expires on August 26, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $200 million . As of June 30, 2015 , $141.8 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is $75 million . As of June 30, 2015 , no accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of June 30, 2015 and December 31, 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)		**June 30, 2015**		December 31, 2014
Gross Receivables	**$**	**443.3**	$	611.7
Less: Receivables not transferred		**301.5**		327.4
Net receivables transferred	**$**	**141.8**	$	284.3
Short-term debt due to asset securitization	**$**	**141.8**	$	284.3

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

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of June 30, 2015 were $3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately $2.0 billion is allocated to Columbia Transmission Operations and $1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of $17.8 million at June 30, 2015 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2015. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment test during the second quarter of 2015.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2015 and 2014 were 35.8% and 33.5% , respectively. The effective tax rates for the six months ended June 30, 2015 and 2014 were 35.4% and 37.0% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2015 versus 2014 is primarily attributed to the difference in the relative impact of permanent differences over pre-tax loss in 2015 and pre-tax income in 2014. The decrease in the six month effective tax rate of 1.6% is primarily due to the impact of the Indiana rate change in 2014 and pass through benefits of NiSource's non-controlling interests, offset by the effects of ratemaking.

There were no material changes recorded in 2015 to NiSource's uncertain tax positions as of December 31, 2014 .

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides 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 NiSource. 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.

For the six months ended June 30, 2015 , NiSource has contributed $1.4 million to its pension plans and $15.2 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost (credit) for the three and six months ended June 30, 2015 and 2014 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30, *(in millions)*	**2015**	2014	**2015**	2014
Components of Net Periodic Benefit Cost (Credit)				
Service cost	**$ 9.5**	$ 8.7	**$ 1.8**	$ 2.2
Interest cost	**25.2**	27.3	**6.8**	7.8
Expected return on assets	**(46.2)**	(45.3)	**(9.3)**	(9.1)
Amortization of prior service credit	**(0.1)**	—	**(1.4)**	(0.9)
Recognized actuarial loss	**15.9**	11.9	**1.1**	0.1
Total Net Periodic Benefit Cost (Credit)	**$ 4.3**	$ 2.6	**$ (1.0)**	$ 0.1

	Pension Benefits		Other Postretirement Benefits	
Six Months Ended June 30, *(in millions)*	**2015**	2014	**2015**	2014
Components of Net Periodic Benefit Cost (Credit)				
Service cost	**$ 19.0**	$ 17.4	**$ 3.6**	$ 4.5
Interest cost	**50.4**	54.6	**13.6**	16.0
Expected return on assets	**(92.4)**	(90.6)	**(18.6)**	(18.2)
Amortization of prior service credit	**(0.2)**	—	**(2.8)**	(1.5)
Recognized actuarial loss	**31.8**	23.8	**2.2**	0.1
Total Net Periodic Benefit Cost (Credit)	**$ 8.6**	$ 5.2	**$ (2.0)**	$ 0.9

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air. Payments under this agreement were $10.7 million and $10.6 million for the six months ended June 30, 2015 and 2014 , respectively.

14. Long-Term Debt

On May 22, 2015, CPG closed its placement of $2,750.0 million in aggregate principal amount of its senior notes, comprised of $500.0 million of 2.45% senior notes due 2018 , $750.0 million of 3.30% senior notes due 2020 , $1,000.0 million of 4.50% senior notes due 2025 and $500.0 million of 5.80% senior notes due 2045 .

CPG made cash payments to NiSource of approximately $2.6 billion from the proceeds of the CPG senior notes offering. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017 , 6.40% notes due 2018 and 4.45% notes due 2021 . In conjunction with the debt retired, NiSource Finance recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

15. Short-Term Borrowings

During the second quarter of 2015, NiSource Finance maintained a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. At June 30, 2015 , NiSource had no outstanding borrowings under this facility. In connection with and effective upon the Separation, the $2.0 billion revolving credit facility was amended to reduce the amount available to $1.5 billion and extend the termination date to July 1, 2020 . Refer to Note 21 for further information.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At June 30, 2015 , NiSource had no commercial paper outstanding.

As of June 30, 2015 and December 31, 2014 , NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were supported by the revolving credit facility.

During the second quarter of 2015, CPPL maintained a $500.0 million revolving credit facility, of which $50.0 million was available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015 , CPPL had $20.0 million of outstanding borrowings under this facility.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $141.8 million and $284.3 million as of June 30, 2015 and December 31, 2014 , respectively. Refer to Note 9 for additional information.

(in millions)		**June 30, 2015**		December 31, 2014
Commercial Paper weighted average interest rate of 0.82% at December 31, 2014	$	—	$	792.6
Credit facilities borrowings weighted average interest rate of 1.26% and1.44% at June 30, 2015 and December 31, 2014, respectively		**20.0**		500.0
Accounts receivable securitization facility borrowings		**141.8**		284.3
Total Short-Term Borrowings	$	**161.8**	$	1,576.9

Given their turnover and stated maturities are less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

16. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") or the Director Stock Incentive Plan ("Director Plan"), that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At June 30, 2015 , there were 5,698,507 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $2.9 million and $5.7 million for the three months ended June 30, 2015 and 2014 , respectively, as well as related tax benefits of $1.0 million and $1.9 million , respectively. For the six months ended June 30, 2015 and 2014 , stock-based employee compensation expense of $14.1 million and $11.0 million was recognized, respectively, as well as related tax benefits of $5.0 million and $4.1 million , respectively.

As of June 30, 2015 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $33.9 million , which will be amortized over the weighted-average remaining requisite service period of 2.2 years .

Restricted Stock Units and Restricted Stock. During the six months ended June 30, 2015 , NiSource granted 548,592 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was $22.2 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of June 30, 2015 , 777,456 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010 receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended June 30, 2015 and 2014 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $11.2 million and $8.4 million , respectively. For the six months ended June 30, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of $19.4 million and $16.9 million , respectively.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain 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. 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. The total guarantees and indemnities in existence at June 30, 2015 and the years in which they expire were:

(in millions)	Total	2015	2016	2017	2018	2019	After
Guarantees of subsidiaries debt	$ 6,135.5	$ 230.0	$ 291.5	$ 267.4	$ 476.0	$ 500.0	$ 4,370.6
Accounts receivable securitization	141.8	141.8	—	—	—	—	—
Letters of credit	30.9	29.2	1.7	—	—	—	—
Other guarantees	103.1	—	—	—	—	1.7	101.4
Total commercial commitments [1]	$ 6,411.3	$ 401.0	$ 293.2	$ 267.4	$ 476.0	$ 501.7	$ 4,472.0

[1] This amount does not include CPG's issuance of $2,750.0 million of long-term debt, which is guaranteed by certain subsidiaries of CPG. Additionally, this amount does not include CPPL's outstanding borrowings of $20.0 million under its revolving credit facility, which is guaranteed by CPG and certain subsidiaries of CPG.

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $6,135.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, for Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding unregistered medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. During the second quarter of 2015, NiSource Finance maintained a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. In connection with and effective upon the Separation, the $2.0 billion revolving credit facility was amended to reduce the amount available to $1.5 billion and extend the termination date to July 1, 2020. Refer to Note 21 for further information.

At June 30, 2015 , NiSource had no borrowings under its five-year revolving credit facility, no commercial paper outstanding and $141.8 million outstanding under its accounts receivable securitization agreements. At June 30, 2015 , NiSource had issued stand-by letters of credit of approximately $30.9 million for the benefit of third parties. See Note 15 for additional information.

Other Guarantees or Obligations. As of June 30, 2015, NiSource had on deposit a letter of credit with MUFG Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership interest in Millennium) of the debt service reserve account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of June 30, 2015 .

B. Other Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually significant at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations.

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

As of June 30, 2015 and December 31, 2014 , NiSource had recorded an accrual of approximately $136.3 million and $128.4 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for 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 cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On November 25, 2014, the EPA proposed to lower the 8-hour ozone standard from 75 ppb to within a range of 65-70 ppb. If the standard is finalized and the EPA proceeds with designations, areas where NiSource operates currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 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.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2015. The total estimated liability at NiSource related to the facilities subject to remediation was $119.7 million and $121.5 million at June 30, 2015 and December 31, 2014 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 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.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air
NIPSCO is subject to a number of air-quality mandates in the next several years. These mandates required NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $870 million , of which approximately $78.3 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs are probable of recovery from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. NIPSCO's affected units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension. On June 29, 2015, the United States Supreme Court remanded the MATS rule back to the United States Court of Appeals for the District of Columbia Circuit for further proceedings. The MATS rule remains in effect until the Court of Appeals issues a ruling. The timing for resolving the process is unclear at this time, NIPSCO will continue to monitor developments in this matter.

On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric utility generating units under section 111(d) of the CAA. The proposed rule establishes state-specific CO_2 emission rate goals applied to the state's fleet of fossil-fuel fired electric generating units, and requires each state to submit a plan indicating how the state will meet the EPA's emission rate goal, including possibly imposing reduction obligations on specific units. Final CO_2 emission rate standards are expected to be set by the EPA by the third quarter of 2015, and state plans are required to be submitted to the EPA as early as the third quarter of 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Water
On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between $4 million and $35 million , dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. A final rule is expected in the fourth quarter of 2015. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste

On April 17, 2015, the EPA released a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. The rule will require increased groundwater monitoring, reporting, recordkeeping and posting related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 6 for further information. In addition, in order to comply with the rule NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the nature, extent and cost of these future capital expenditures. Given the preliminary stage of this data collection, NIPSCO is unable to estimate a range for these future capital expenditures at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts fully cooperated with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident, which have been concluded. Columbia of Massachusetts believes any costs associated with damages, injuries and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and six months ended June 30, 2015 and 2014 :

Three Months Ended June 30, 2015 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of April 1, 2015	$ 1.2	$ (20.7)	$ (27.1)	$ (46.6)
Other comprehensive income before reclassifications	(1.2)	—	2.5	1.3
Amounts reclassified from accumulated other comprehensive income	—	0.7	0.2	0.9
Net current-period other comprehensive (loss) income	(1.2)	0.7	2.7	2.2
Balance as of June 30, 2015	**$ —**	**$ (20.0)**	**$ (24.4)**	**$ (44.4)**

Six Months Ended June 30, 2015 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2015	$ 0.3	$ (23.6)	$ (27.3)	$ (50.6)
Other comprehensive income before reclassifications	(0.2)	—	2.5	2.3
Amounts reclassified from accumulated other comprehensive income	(0.1)	1.6	0.4	1.9
Net current-period other comprehensive (loss) income	(0.3)	1.6	2.9	4.2
Allocation of AOCI to noncontrolling interest	—	2.0	—	2.0
Balance as of June 30, 2015	**$ —**	**$ (20.0)**	**$ (24.4)**	**$ (44.4)**

Three Months Ended June 30, 2014 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of April 1, 2014	$ —	$ (25.2)	$ (17.3)	$ (42.5)
Other comprehensive income before reclassifications	0.5	—	(0.3)	0.2
Amounts reclassified from accumulated other comprehensive income	—	0.7	0.2	0.9
Net current-period other comprehensive income (loss)	0.5	0.7	(0.1)	1.1
Balance as of June 30, 2014	**$ 0.5**	**$ (24.5)**	**$ (17.4)**	**$ (41.4)**

Six Months Ended June 30, 2014 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2014	$ (0.3)	$ (25.8)	$ (17.5)	$ (43.6)
Other comprehensive income before reclassifications	1.0	0.1	(0.3)	0.8
Amounts reclassified from accumulated other comprehensive income	(0.2)	1.2	0.4	1.4
Net current-period other comprehensive income	0.8	1.3	0.1	2.2
Balance as of June 30, 2014	**$ 0.5**	**$ (24.5)**	**$ (17.4)**	**$ (41.4)**

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

Equity Investment
As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at June 30, 2015 of $13.9 million , net of tax, related to terminated interest rate swaps, is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $13.9 million and $16.6 million at June 30, 2015 and December 31, 2014 , respectively, is included in gains and losses on cash flow hedges above.

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At June 30, 2015 , NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2015**	2014	**2015**	2014
Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 508.5**	$ 616.5	**$ 1,964.7**	$ 2,181.9
Intersegment	**0.2**	0.1	**0.3**	0.3
Total	**508.7**	616.6	**1,965.0**	2,182.2
Electric Operations				
Unaffiliated	**375.5**	405.3	**771.1**	855.5
Intersegment	**0.2**	0.1	**0.4**	0.3
Total	**375.7**	405.4	**771.5**	855.8
Columbia Pipeline Group Operations				
Unaffiliated	**284.3**	311.3	**581.7**	614.5
Intersegment	**31.6**	32.2	**74.0**	74.6
Total	**315.9**	343.5	**655.7**	689.1
Corporate and Other				
Unaffiliated	**0.7**	2.0	**1.2**	3.7
Intersegment	**119.5**	128.9	**249.4**	255.7
Total	**120.2**	130.9	**250.6**	259.4
Eliminations	**(151.5)**	(161.3)	**(324.1)**	(330.9)
Consolidated Gross Revenues	**$ 1,169.0**	$ 1,335.1	**$ 3,318.7**	$ 3,655.6
Operating Income (Loss)				
Gas Distribution Operations	**$ 49.7**	$ 59.8	**$ 374.9**	$ 361.6
Electric Operations	**45.7**	62.9	**115.7**	141.8
Columbia Pipeline Group Operations	**108.6**	103.7	**271.6**	262.6
Corporate and Other [1]	**(38.9)**	(6.8)	**(67.0)**	(12.7)
Consolidated Operating Income	**$ 165.1**	$ 219.6	**$ 695.2**	$ 753.3

[1] Primarily resulting from costs associated with the Separation.

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

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the six months ended June 30, 2015 and 2014 :

	Six Months Ended June 30,	
(in millions)	**2015**	2014
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 306.1**	$ 194.6
Assets acquired under a capital lease	**5.5**	55.8
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	**$ 225.2**	$ 207.6
Cash paid for income taxes	**12.7**	9.6

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

21. Subsequent Events

Separation of Columbia Pipeline Group . On July 1, 2015, NiSource completed the previously announced Separation of CPG from Nisource through a special pro rata stock dividend distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder as of 5:00 p.m. on June 19, 2015, the record date. The Separation resulted in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, CPG's operations consist of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Effective July 1, 2015, CPG was classified as discontinued operations and will be reported as such in NiSource's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015.

On June 30, 2015, NiSource entered into a Separation and Distribution Agreement and several other agreements with CPG to effect the Separation and provide a framework for NiSource's relationship with CPG post-Separation.

As of July 1, 2015, certain tax attributes of the former NiSource consolidated group will be affected by the Separation. These include transfers of attributes to CPG along with changes in allocation and apportionment factors that may alter the size and duration of carryovers and other attributes. The tax attributes and the net deferred tax liabilities will be re-measured and adjusted in the third quarter of 2015.

In connection with and effective upon the Separation, the NiSource Finance revolving credit facility capacity was amended to reduce the amount available from \$2.0 billion to \$1.5 billion , and extend the termination date to July 1, 2020 .

On July 2, 2015 , NiSource declared a post-Separation dividend of \$0.155 per share payable on August 20, 2015 to stockholders of record on July 31, 2015 .

Table of Contents

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

NiSource Inc.

Note regarding forward-looking statements

Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Separation and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, but are not limited to, NiSource's debt obligations and ability to comply with related covenants, changes in NiSource's credit rating, growth opportunities for NiSource's businesses, changes in general economic and market conditions, regulatory rate reviews and proceedings, increased competition in deregulated energy markets, compliance with environmental laws, fluctuations in weather, climate change, natural disasters, acts of terrorism and other catastrophic events, economic conditions in certain industries, fluctuations in the price of energy commodities, counterparty credit risk, any impairment of goodwill and definite-lived intangible assets, changes in taxation or accounting principles, accidents and other operating risks, aging infrastructure, disruptions in information technology and cyber-attacks, NiSource's ability to achieve the intended benefits of the Separation and other matters set forth in the "Risk Factors" section of this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

CONSOLIDATED REVIEW

Separation of Columbia Pipeline Group

On July 1, 2015, NiSource completed the previously announced Separation of CPG from NiSource through a special pro rata stock dividend distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder as of 5:00 p.m. on June 19, 2015, for the record date. The Separation resulted in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, CPG's operations consist of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Refer to Note 21, "Subsequent Events," for additional information.

CPG is included in the following discussion as it was a wholly-owned subsidiary of NiSource as of June 30, 2015. Beginning with NiSource's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015, CPG will be reported as discontinued operations.

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

Table of Contents

For the six months ended June 30, 2015 , net income attributable to NiSource was $232.0 million , or $0.73 per basic share, compared to $344.4 million , or $1.10 per basic share reported for the same period in 2014.

The decrease in net income attributable to NiSource was due primarily to the following items:

- A loss on early extinguishment of long-term debt of $97.2 million. Refer to Note 14, "Long-Term Debt," for further information on long-term debt retired in May 2015.
- Outside service costs increased by $62.7 million primarily due to costs associated with the Separation.
- Employee and administrative expense increased by $41.6 million due primarily to greater labor expense due to a growing workforce.
- Depreciation expense increased by $27.1 million due primarily to higher capital expenditures related to projects placed in service. NiSource capital expenditures are projected to be approximately $2.4 billion in 2015, which includes approximately $1.1 billion of expected CPG capital expenditures.

These decreases in net income attributable to NiSource were partially offset by the following:

- Demand margin revenue increased by $55.7 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.
- Regulatory and service programs at Gas Distribution Operations increased net revenues by $49.3 million primarily due to the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in this report and in the Notes to Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for more information.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth
Following the Separation, NiSource's business plan will continue to center on commercial and regulatory initiatives and financial management of the balance sheet.

Commercial and Regulatory Initiatives
NiSource's utilities continue to move forward on core infrastructure investment programs supported by complementary regulatory and customer initiatives across several distribution company markets. NiSource utilities remain on track to invest approximately $1.3 billion during 2015 as part of its $30.0 billion long-term regulated utility infrastructure investment opportunities across its natural gas and electric utilities. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns.

Gas Distribution Operations

- On June 30, 2015, the Hearing Examiner in Columbia of Virginia's pending base rate case recommended specific fixed customer charges for each rate class, addressing the final outstanding issue in the case. The Commission had previously found that the stipulated annual revenue increase of $25.2 million is reasonable. A final order in the case is expected later this year.
- Columbia of Pennsylvania's base rate case is progressing on schedule and remains pending before the Pennsylvania PUC. Filed on March 19, 2015, the case supports the continuation of Columbia of Pennsylvania's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by approximately $46.2 million. New rates are expected to go into effect during the fourth quarter of 2015.

Table of Contents

- Columbia of Massachusetts' base rate case is also progressing on schedule and remains pending before the Massachusetts DPU. Filed on April 16, 2015, the case seeks to recover costs to support Columbia of Massachusetts' multi-year modernization plan to maintain the safety and reliability of natural gas service for customers. Columbia of Massachusetts has arrived at a settlement agreement in principle with the Attorney General in the case. The settlement agreement is expected to be finalized and filed for approval with the Massachusetts DPU in August 2015.

Electric Operations

- On May 26, 2015, NIPSCO, the Indiana Office of Utility Consumer Counselor and some of NIPSCO's largest industrial customers reached a settlement agreement that resolves all concerns raised by the parties in an Indiana Court of Appeals proceeding surrounding NIPSCO's long-term Electric Infrastructure Modernization Plan. As part of the agreement, NIPSCO will file a base rate case, followed by a new seven-year plan in the fourth quarter of 2015.

- NIPSCO remains on schedule and on budget with its FGD unit at its Michigan City Generating Station. The approximately $265.0 million project is expected to be placed in service by the end of 2015. This investment, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. The project also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

- Progress also continued on two major electric transmission projects designed to enhance region-wide system flexibility and reliability. The Greentown-Reynolds project is an approximately 65-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kilovolt line. Right-of-way acquisition and permitting are under way for both projects and substation construction has begun. These projects involve an investment of approximately $500 million for NIPSCO and are anticipated to be in service by the end of 2018.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Financial Management of the Balance Sheet

As part of the recapitalization in connection with the Separation, on May 22, 2015, CPG closed its placement of $2,750.0 million in aggregate principal amount of its senior notes, comprised of $500.0 million of 2.45% senior notes due 2018, $750.0 million of 3.30% senior notes due 2020, $1,000.0 million of 4.50% senior notes due 2025 and $500.0 million of 5.80% senior notes due 2045.

CPG made cash payments to NiSource of approximately $2.6 billion from the proceeds of the CPG senior notes offering. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of $1,075.0 million and executed a tender offer for $750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a $97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests. See Note 3, "Columbia Pipeline Partners LP (CPPL)," for additional information.

CPPL maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015 , CPPL had $20.0 million of outstanding borrowings under this facility.

On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB+ and the commercial paper rating to A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Ethics and Controls
NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations
Quarter Ended June 30, 2015

Net Income Attributable to NiSource
NiSource reported a net loss of \$36.4 million , or \$0.11 per basic share, for the three months ended June 30, 2015 , compared to net income of \$78.2 million , or \$0.25 per basic share, for the second quarter of 2014 . For the three months ended June 30, 2015 , NiSource reported a loss from continuing operations of \$36.1 million , or \$0.11 per basic share, compared to income from continuing operations of \$78.5 million , or \$0.25 per basic share, for the second quarter of 2014 . Operating income was \$165.1 million , a decrease of \$54.5 million from the same period in 2014 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2015 were 317.5 million compared to 315.0 million at June 30, 2014 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended June 30, 2015 , were \$950.4 million , a \$13.0 million decrease from the same period last year. This decrease in net revenues was primarily due to decreased Columbia Pipeline Group Operations' net revenues of \$27.6 million, offset by an increase in Gas Distribution Operations' net revenues of \$15.9 million.

- Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of \$48.1 million and other miscellaneous decreases of \$4.5 million. These decreases were partially offset by increased demand margin revenue of \$25.0 million as a result of growth projects placed in service and new firm contracts.

This decrease to net revenues was partially offset by the following:

- Gas Distribution Operations' net revenues increased primarily due to higher regulatory and service programs of \$16.1 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia. Additionally, there was an increase of \$2.9 million as a result of rent billed to affiliates, offset in expense, and an increase in net revenues of \$1.9 million due to customer increases. These increases were partially offset by lower commercial and residential usage of \$3.3 million and the effects of warmer weather of \$3.0 million.

Operating Expenses
Operating expenses for the second quarter of 2015 were \$799.0 million , an increase of \$44.1 million from the comparable 2014 period. This increase was primarily due to higher operation and maintenance expenses of \$27.9 million, and increased depreciation and amortization of \$18.3 million. The increase in operation and maintenance expenses was primarily due to higher outside service costs of \$37.6 million primarily associated with the Separation, increased employee and administrative costs of \$20.7 million and higher environmental costs of \$9.7 million. These increases were partially offset by decreased regulatory trackers, which are offset in net revenues, of \$44.4 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Table of Contents

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $13.7 million during the second quarter of 2015 compared to $11.1 million for the second quarter of 2014 . Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Pennant.

Other Income (Deductions)
Other Income (Deductions) reduced income by $207.8 million in the second quarter of 2015 compared to a reduction in income of $101.6 million in the prior year. This increase in deductions is primarily attributable to a loss on early extinguishment of long-term debt of $97.2 million and higher interest expense of $8.0 million in 2015.

Income Taxes
Income tax benefit for the quarter ended June 30, 2015 was $15.3 million compared to income tax expense of $39.5 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2015 and 2014 were 35.8% and 33.5% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2015 versus 2014 is primarily attributed to the difference in the relative impact of permanent differences over pre-tax loss in 2015 and pre-tax income in 2014. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations
Six Months Ended June 30, 2015

Net Income Attributable to NiSource
NiSource reported net income of $232.0 million , or $0.73 per basic share, for the six months ended June 30, 2015 , compared to net income of $344.4 million , or $1.10 per basic share, for the six months ended June 30, 2014 . Income from continuing operations was $232.3 million , or $0.73 per basic share, for the six months ended June 30, 2015 , compared to income from continuing operations of $344.9 million , or $1.10 per basic share, for the six months ended 2014 . Operating income was $695.2 million , a decrease of $58.1 million from the same period in 2014 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2015 were 317.0 million compared to 314.6 million at June 30, 2014 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the six months ended June 30, 2015 , were $2,294.1 million , a $71.5 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of $107.0 million, offset by a decrease in Columbia Pipeline Group Operations' net revenues of $33.4 million.

- Gas Distribution Operations' net revenues increased due primarily to higher regulatory and tax trackers, which are offset in expense, of $52.2 million and an increase of $49.3 million for regulatory and service programs, including the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues of $6.3 million resulting from rent billed to affiliates, offset in expense.

This increase to net revenues was partially offset by the following:

- Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of $75.5 million and decreased mineral rights royalty revenue of $4.1 million. These decreases were partially offset by increased demand margin revenue of $55.7 million as a result of growth projects placed in service and new firm contracts.

Table of Contents

NiSource Inc.

Operating Expenses
Operating expenses for the six months ended 2015 were $1,628.0 million , an increase of $137.8 million from the same 2014 period. This increase was primarily due to higher operation and maintenance expenses of $100.8 million and increased depreciation and amortization of $27.1 million. The increase in operation and maintenance expenses was primarily due to higher outside service costs of $62.7 million primarily associated with the Separation, increased employee and administrative costs of $41.6 million and higher environmental costs of $12.1 million. These increases were partially offset by a decrease in regulatory trackers, offset in net revenues, of $19.7 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $29.1 million during the six months ended June 30, 2015 compared to $20.9 million for the six months ended June 30, 2014 . Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Pennant and Millennium.

Other Income (Deductions)
Other Income (Deductions) reduced income by $311.7 million for the six months ended June 30, 2015 compared to a reduction in income of $206.2 million in the prior year. This increase in deductions is primarily attributable to a loss on early extinguishment of long-term debt of $97.2 million and higher interest expense of $9.9 million in 2015.

Income Taxes
Income tax expense for the six months ended June 30, 2015 was $135.6 million compared to $202.2 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the six months ended June 30, 2015 and 2014 were 35.4% and 37.0% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The decrease in the six month effective tax rate of 1.6% is primarily due to the impact of the Indiana rate change in 2014 and pass through benefits of NiSource's non-controlling interests, offset by the effects of ratemaking. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2015 .

Operating Activities
Net cash from operating activities for the six months ended June 30, 2015 was $1,115.6 million , an increase of $464.6 million compared to the six months ended June 30, 2014 . The increase in net cash from operating activities was primarily due to an increase in overrecovered gas and fuel costs and accounts receivable working capital accounts as a result of lower gas prices and warmer weather in the first half of 2015 compared to the same period in 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its other postretirement benefit plans in 2015 , which could change depending on market conditions. For the six months ended June 30, 2015 , NiSource has contributed $1.4 million to its pension plans and $15.2 million to its other postretirement benefit plans.

Table of Contents

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

NiSource Inc.

Investing Activities

NiSource's capital expenditures for the six months ended June 30, 2015 were $991.1 million , compared to $852.9 million for the comparable period in 2014 . This increased spending is mainly due to higher spending in the Columbia Pipeline Group Operations segment on various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under the modernization program. NiSource projects 2015 capital expenditures to be approximately $2.4 billion , which includes approximately $1.1 billion of expected CPG capital expenditures.

Restricted cash was $25.2 million and $24.9 million as of June 30, 2015 and December 31, 2014 , respectively.

Net distributions to equity investees were $2.2 million for the six months ended June 30, 2015 , compared to net contributions of $54.8 million for the comparable period in 2014. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on equity investments.

Financing Activities

Columbia Pipeline Partners LP. CPPL received net proceeds of $1,168.4 million from its IPO completed on February 11, 2015.

Long-term Debt. Refer to Note 14, "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Credit Facilities. During the second quarter of 2015, NiSource Finance maintained a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. Upon the Separation, the NiSource Finance revolving credit facility capacity was reduced from $2.0 billion to $1.5 billion, and the termination date was extended to July 1, 2020.

During the second quarter of 2015, CPPL maintained a $500.0 million revolving credit facility, of which $50.0 million was available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015 , CPPL had $20.0 million of outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo.

NiSource Finance had no borrowings outstanding under its revolving credit facility at June 30, 2015 and $500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had no commercial paper outstanding at June 30, 2015 , and $792.6 million in commercial paper outstanding at December 31, 2014 , at a weighted average interest rate of 0.82% .

As of June 30, 2015 and December 31, 2014 , NiSource had $141.8 million and $284.3 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of June 30, 2015 and December 31, 2014, NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were supported by the revolving credit facility.

As of June 30, 2015 , an aggregate of $2,604.2 million of credit was available under the credit facilities and accounts receivable securitization programs.

Debt Covenants **.** NiSource is subject to a financial covenant under its revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2015 , the ratio was 56.0%.

NiSource is 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 NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. 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 NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers 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 sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB+ and the commercial paper rating of A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $41.3 million as of June 30, 2015. 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.

Contractual Obligations. There were no material changes recorded during the six months ended June 30, 2015 to NiSource's contractual obligations as of December 31, 2014 .

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's 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 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, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk
NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Table of Contents

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of June 30, 2015 and December 31, 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit facility, 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 $2.4 million and $7.2 million for the three and six months ended June 30, 2015 , respectively, and $4.2 million and $7.9 million for the three and six months ended June 30, 2014 , respectively.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk 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 NiSource 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.

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

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, NiSource may utilize models to measure fair value. 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Table of Contents

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies
There were no significant changes to critical accounting policies for the period ended June 30, 2015 .

Recently Issued Accounting Pronouncements
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations. Refer to Note 21, "Subsequent Events," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information regarding the Separation and the treatment of CPG as discontinued operations effective July 1, 2015, which contains all of the operations of the Columbia Pipeline Group Operations segment.

Table of Contents

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

NiSource Inc.
Gas Distribution Operations

(in millions)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net Revenues				
Sales revenues	**$ 508.7**	$ 616.6	**$ 1,965.0**	$ 2,182.2
Less: Cost of gas sold (excluding depreciation and amortization)	**133.4**	257.2	**856.0**	1,180.2
Net Revenues	**375.3**	359.4	**1,109.0**	1,002.0
Operating Expenses				
Operation and maintenance	**226.0**	206.8	**517.8**	435.6
Depreciation and amortization	**58.2**	54.1	**114.3**	106.3
Gain on sale of assets	**—**	(0.2)	**—**	(0.2)
Other taxes	**41.4**	38.9	**102.0**	98.7
Total Operating Expenses	**325.6**	299.6	**734.1**	640.4
Operating Income	**$ 49.7**	$ 59.8	**$ 374.9**	$ 361.6
Revenues ($ in millions)				
Residential	**$ 345.1**	$ 391.1	**$ 1,360.0**	$ 1,396.9
Commercial	**107.5**	129.4	**476.9**	495.7
Industrial	**46.2**	48.1	**134.2**	132.4
Off System	**18.5**	65.9	**57.3**	137.8
Other	**(8.6)**	(17.9)	**(63.4)**	19.4
Total	**$ 508.7**	$ 616.6	**$ 1,965.0**	$ 2,182.2
Sales and Transportation (MMDth)				
Residential	**30.4**	35.0	**183.5**	191.5
Commercial	**25.1**	27.4	**113.8**	117.5
Industrial	**123.6**	121.7	**270.4**	258.5
Off System	**6.0**	14.2	**19.5**	28.5
Other	**(2.0)**	(0.3)	**(2.0)**	(0.1)
Total	**183.1**	198.0	**585.2**	595.9
Heating Degree Days	**489**	555	**3,893**	3,992
Normal Heating Degree Days	**599**	599	**3,491**	3,491
% (Warmer) Colder than Normal	**(18)%**	(7)%	**12%**	14%
Customers				
Residential			**3,070,555**	3,051,277
Commercial			**280,329**	278,776
Industrial			**7,717**	7,546
Other			**938**	14
Total			**3,359,539**	3,337,613

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 73% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential and commercial usage for the six months ended June 30, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate have different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of June 30, 2015 , reserves have been recorded to cover probable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the second quarter of 2015 was 18% warmer than normal and 12% warmer than the second quarter of 2014 .

Weather in the Gas Distribution Operations' territories for the six months ended June 30, 2015 was 12% colder than normal and 2% warmer than the same period in 2014 .

Throughput

Total volumes sold and transported of 183.1 MMDth for the second quarter of 2015 decreased by 14.9 MMDth from the same period last year. This 8% decrease in volumes was primarily attributable to lower off-system sales.

Total volumes sold and transported of 585.2 MMDth for the six months ended June 30, 2015 decreased by 10.7 MMDth from the same period last year. This 2% decrease in volume was primarily attributable to warmer weather.

Net Revenues

Net revenues for the second quarter of 2015 were $375.3 million, an increase of $15.9 million from the same period in 2014. The increase in net revenues is due primarily to higher regulatory and service programs of $16.1 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia. Additionally, there was an increase of $2.9 million as a result of rent billed to affiliates, offset in expense, and an increase in net revenues of $1.9 million due to customer increases. These increases were partially offset by lower commercial and residential usage of $3.3 million and the effects of warmer weather of $3.0 million.

Table of Contents

NiSource Inc.
Gas Distribution Operations

Net revenues for the six months ended June 30, 2015 were $1,109.0 million, an increase of $107.0 million from the same period in 2014. The increase in net revenues is due primarily to higher regulatory and tax trackers, which are offset in expense, of $52.2 million and an increase of $49.3 million for regulatory and service programs, including the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues of $6.3 million resulting from rent billed to affiliates, offset in expense.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2015 was a revenue decrease of $29.2 million and $92.8 million, respectively, compared to a revenue decrease of $31.8 million and $0.3 million for the three and six months ended June 30, 2014 , respectively.

Operating Income
For the second quarter of 2015, Gas Distribution Operations reported operating income of $49.7 million, a decrease of $10.1 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses, partially offset by increased net revenues, as described above. Operating expenses were $26.0 million higher than the comparable period reflecting increased employee and administrative expenses of $11.8 million, higher depreciation of $4.1 million, increased outside service costs of $2.6 million and increased other taxes of $2.5 million.

For the six months ended June 30, 2015, Gas Distribution Operations reported operating income of $374.9 million, an increase of $13.3 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $93.7 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $52.2 million, higher employee and administrative expenses of $18.0 million, increased depreciation of $8.0 million, higher outside service costs of $6.2 million and increased other taxes of $3.8 million.

NiSource Inc.
Electric Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2015**	2014	**2015**	2014
Net Revenues				
Sales revenues	**$ 375.7**	$ 405.4	**$ 771.5**	$ 855.8
Less: Cost of sales (excluding depreciation and amortization)	**116.6**	146.3	**242.3**	326.7
Net Revenues	**259.1**	259.1	**529.2**	529.1
Operating Expenses				
Operation and maintenance	**129.3**	122.2	**249.5**	234.7
Depreciation and amortization	**68.5**	60.1	**130.7**	120.5
Gain on sale of assets	**—**	(0.1)	**—**	(0.1)
Other taxes	**15.6**	14.0	**33.3**	32.2
Total Operating Expenses	**213.4**	196.2	**413.5**	387.3
Operating Income	**$ 45.7**	$ 62.9	**$ 115.7**	$ 141.8
Revenues ($ in millions)				
Residential	**$ 94.3**	$ 100.2	**$ 207.9**	$ 213.4
Commercial	**107.5**	108.7	**218.0**	214.9
Industrial	**160.9**	172.0	**335.9**	351.7
Wholesale	**2.5**	0.3	**8.8**	21.7
Other	**10.5**	24.2	**0.9**	54.1
Total	**$ 375.7**	$ 405.4	**$ 771.5**	$ 855.8
Sales (Gigawatt Hours)				
Residential	**716.9**	793.2	**1,582.7**	1,689.4
Commercial	**929.1**	964.9	**1,869.1**	1,900.4
Industrial	**2,295.0**	2,455.8	**4,720.4**	5,062.9
Wholesale	**1.0**	12.1	**117.9**	323.9
Other	**34.5**	34.9	**69.1**	68.3
Total	**3,976.5**	4,260.9	**8,359.2**	9,044.9
Cooling Degree Days	**229**	276	**229**	276
Normal Cooling Degree Days	**229**	229	**229**	229
% Colder than Normal	**—%**	21%	**—%**	21%
Electric Customers				
Residential			**402,955**	401,671
Commercial			**54,762**	54,303
Industrial			**2,357**	2,370
Wholesale			**747**	767
Other			**4**	6
Total			**460,825**	459,117

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 461 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Table of Contents

NiSource Inc.
Electric Operations

Electric Supply
On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Currently, various environmental matters impact the Electric Operations segment. As of June 30, 2015 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements
On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Sales
Electric Operations sales quantities for the second quarter of 2015 were 3,976.5 gwh, a decrease of 284.4 gwh compared to the second quarter of 2014 . The 6.7% decrease is primarily attributable to decreases in industrial usage, which was caused by a reduction in steel production due to the high levels of imports that have impacted the steel market since the start of 2015.

Electric Operations sales quantities for the six months ended June 30, 2015 were 8,359.2 gwh, a decrease of 685.7 gwh compared to the same period in 2014. The 7.6% decrease is primarily attributable to decreases in sales for resale and industrial usage. The decreases in sales for resale relate to increased opportunities for off-system sales during the first quarter of 2014 due to the cold weather that occurred during that period. The decrease in industrial usage was primarily attributable to a reduction in steel production due to the high level of imports that have impacted the steel market since the start of 2015.

Net Revenues
Net revenues for the second quarter of 2015 were $259.1 million, consistent with the same period in 2014. Trackers, which are offset in expense, increased net revenues by $5.7 million which were offset by lower industrial, residential and commercial usage of $6.0 million.

Net revenues for the six months ended June 30, 2015 were $529.2 million, an increase of $0.1 million from the same period in 2014. The increase in net revenues is due primarily to increased trackers, which are offset in expense, of $7.9 million, and higher net revenues of $5.2 million as a result of two electric transmission projects authorized by the MISO. Additionally, there were decreased fuel handling costs of $4.0 million and a higher return on the environmental capital investment recovery program of $3.8 million due to an increased plant balance eligible for recovery. These increases in net revenues were partially offset by lower off-system sales of $8.6 million, decreased industrial usage of $7.2 million and the effects of weather of $5.8 million.

NiSource Inc.
Electric Operations

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2015 was a revenue decrease of $2.0 million and $24.7 million, respectively, compared to a revenue increase of $10.5 million and $30.8 million for the three and six months ended June 30, 2014 , respectively.

Operating Income
For the second quarter of 2015, Electric Operations reported operating income of $45.7 million, a decrease of $17.2 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses. Operating expenses increased $17.2 million due primarily to higher environmental costs of $7.7 million, increased trackers, which are offset in net revenues, of $5.7 million and increased depreciation of $4.9 million.

For the six months ended June 30, 2015, Electric Operations reported operating income of $115.7 million, a decrease of $26.1 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses offset by increased net revenues, as described above. Operating expenses increased $26.2 million due primarily to higher environmental costs of $10.0 million, increased trackers, which are offset in net revenues, of $7.9 million and increased depreciation of $5.4 million.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2015**	2014	**2015**	2014
Net Revenues				
Transportation revenues	**$ 211.3**	$ 181.5	**$ 462.4**	$ 403.8
Storage revenues	**49.0**	49.3	**99.0**	99.2
Other revenues	**55.6**	112.7	**94.3**	186.1
Total Sales Revenues	**315.9**	343.5	**655.7**	689.1
Less: Cost of sales (excluding depreciation and amortization)	**0.1**	0.1	**0.2**	0.2
Net Revenues	**315.8**	343.4	**655.5**	688.9
Operating Expenses				
Operation and maintenance	**176.4**	205.1	**322.2**	370.8
Depreciation and amortization	**33.9**	28.8	**66.4**	58.5
Gain on sale of assets	**(8.3)**	(0.3)	**(13.6)**	(17.8)
Other taxes	**18.9**	17.2	**38.0**	35.7
Total Operating Expenses	**220.9**	250.8	**413.0**	447.2
Equity Earnings in Unconsolidated Affiliates	**13.7**	11.1	**29.1**	20.9
Operating Income	**$ 108.6**	$ 103.7	**$ 271.6**	$ 262.6
Throughput (MMDth)				
Columbia Transmission	**215.3**	194.2	**706.3**	653.7
Columbia Gulf	**137.3**	145.4	**283.0**	330.3
Crossroads Pipeline	**3.5**	3.5	**8.6**	9.2
Intrasegment eliminations	**(11.4)**	(21.6)	**(40.1)**	(83.2)
Total [1]	**344.7**	321.5	**957.8**	910.0

[1] This amount excludes storage injections.

NiSource's Columbia Pipeline Group Operations subsidiaries own and operate approximately 15,000 miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of operationally storing approximately 622 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Columbia Midstream and Crossroads Pipeline, NiSource owns and operates an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia.

Columbia Pipeline Group Operations' most significant projects are as follows:

West Side Expansion (Columbia Gulf-Bi-Directional). This project will increase capacity by up to 540,000 Dth/d to transport Marcellus production originating in West Virginia to Gulf Coast markets on the Columbia Gulf system. A portion of the project was placed in service in the fourth quarter of 2014 and the remaining portion will be placed in service in the third quarter of 2015. The total investment for the project is $113 million.

Chesapeake LNG . This approximately $28 million project was placed into service the second quarter of 2015 and replaced 120,000 Dth/d of existing LNG peak shaving facilities nearing the end of their useful lives.

Big Pine Expansion . The Columbia Pipeline Group Operations segment is investing approximately $65 million to extend the Big Pine pipeline and add compression facilities that will add incremental capacity. The project will support Marcellus shale production in western Pennsylvania. The Columbia Pipeline Group Operations segment expects the project piping to be placed in service in the third quarter of 2015 and the compression to be placed in service in 2016.

Table of Contents

NiSource Inc.
Columbia Pipeline Group Operations

East Side Expansion . The Columbia Pipeline Group Operations segment has received FERC authorization to construct facilities to provide access for production from the Marcellus shale to northeastern and mid-Atlantic markets. The approximately $275 million project will add 312,000 Dth/d of capacity and is expected to be placed in service in the fourth quarter of 2015.

Washington County Gathering . A producer has contracted with us to build an approximately 20 mile gas gathering system in southwestern Pennsylvania. The Columbia Pipeline Group Operations segment expects to invest approximately $120 million through 2018 with initial project in-service in the third quarter of 2015.

Kentucky Power Plant Project . The Columbia Pipeline Group Operations segment expects to invest approximately $25 million to construct 2.7 miles of 16-inch pipeline and other facilities to a power plant near Columbia Transmission's Line P. This project will provide up to 72,000 Dth/d of new firm service and will be placed in service in the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment expects to invest approximately $50 million to construct 4.7 miles of 24-inch pipeline to provide 205,000 Dth/d of new firm transportation to provide Utica production access to liquid trading points on Columbia Transmission's system. This project is expected to be placed in service in the fourth quarter of 2016.

Gibraltar Project. The Columbia Pipeline Group Operations segment intends to invest approximately $275 million to construct an approximately 1 MMDth/d dry gas header pipeline in southwest Pennsylvania. The Columbia Pipeline Group Operations segment expects this to be the first of multiple phases with an initial in-service in the third quarter of 2016.

Leach XPress . This project will provide approximately 1.5 MMDth/d of capacity from the Marcellus and Utica production regions to the Leach compressor station located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. The Columbia Pipeline Group Operations segment expects the project, which involves an estimated investment of $1.4 billion, to be placed in service in the fourth quarter of 2017.

Rayne XPress. This project will transport approximately 1 MMDth/d of southwest Marcellus and Utica production from the Leach, Kentucky interconnect with Columbia Transmission towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. The Columbia Pipeline Group Operations segment expects the project, which involves an estimated investment of $380 million, to be placed in service in the fourth quarter of 2017.

Millennium Lateral. The Columbia Pipeline Group Operations segment intends to invest approximately $20 million through its ownership stake in Millennium Pipeline to construct approximately 8 miles of 16-inch pipeline to a new power plant situated near Waywayanda, New York. This project will provide up to 127,000 Dth/d of new firm capacity and will be placed in service in the fourth quarter of 2017.

Cameron Access Project. This project, which involves an investment of approximately $310 million, will provide 800,000 Dth/d of transportation capacity on the Columbia Gulf system to the Cameron LNG export terminal in Louisiana. The Columbia Pipeline Group Operations segment expects the project to be placed in service in the first quarter of 2018.

WB XPress . This project, which involves an investment of approximately $850 million, will expand Columbia Transmission's WB system in order to transport approximately 1.3 MMDth/d of Marcellus production to pipeline interconnects and East Coast markets, including access to the Cove Point LNG terminal. The Columbia Pipeline Group Operations segment expects this project to be placed in service in the fourth quarter of 2018.

Mountaineer XPress. This approximately $2 billion project will provide new takeaway capacity for Marcellus and Utica production. The project, which is expected to be placed in service in the fourth quarter of 2018, will provide up to 2.7 MMDth/d of firm transportation capacity on the Columbia Transmission system.

Gulf XPress. Gulf XPress will provide 860,000 Dth/d of firm transportation capacity for Marcellus and Utica production on the Columbia Gulf system. This project involves an investment of approximately $0.7 billion and is expected to be placed in service in the fourth quarter of 2018.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

Equity Investments
Pennant. Columbia Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. Columbia Midstream and Hilcorp jointly own Pennant with Columbia Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

During the second quarter of 2015 , Columbia Midstream made no contributions to Pennant and made contributions of $23.8 million

to Pennant during the second quarter of 2014. No contributions were made to Pennant for the six months ended June 30, 2015 and contributions of $52.2 million were made for the six months ended June 30, 2014. Pennant distributed $1.5 million of earnings and returned $0.9 million of capital to Columbia Midstream during the three months ended June 30, 2015. No distributions were received from Pennant during the three months ended June 30, 2014. Pennant distributed $2.7 million of earnings and returned $2.2 million of capital to Columbia Midstream during the six months ended June 30, 2015. No distributions were received from Pennant during the six months ended June 30, 2014.

Millennium. The Millennium system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of approximately 253 miles of natural gas transmission pipeline and three compressor stations with approximately 43,000 hp of installed capacity. Millennium transports an average of 1 Bcf/d of natural gas sourced from the Marcellus shale to markets across New York's Southern Tier and lower Hudson Valley, as well as to the New York City markets through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the second quarter of 2015 and 2014, Columbia Transmission made no contributions to Millennium. During the six months ended June 30, 2015, Columbia Transmission made no contributions to Millennium Pipeline, and contributed $2.6 million for the six months ended June 30, 2014. Columbia Transmission received distributions of earnings of $7.6 million and $4.8 million for the three months ended June 30, 2015 and 2014, respectively, and $24.2 million and $11.9 million for the six months ended June 30, 2015 and 2014, respectively.

Hardy Storage. The Hardy Storage facility is a FERC-regulated interstate natural gas storage system, which consists of 29 storage wells in a depleted gas production field in Hampshire and Hardy counties, West Virginia, 36.7 miles of pipeline and 7,100 hp of installed capacity. The facility interconnects with Columbia Transmission and has approximately 12 MMDth of working gas capacity and 176,000 Dth/d of withdrawal capacity. Columbia owns a 50% interest in Hardy Storage and acts as operator for the system. A third party, Piedmont Natural Gas Company, Inc., owns the remaining 50% interest in Hardy Storage.

During the second quarter of 2015 and 2014, no contributions were made to Hardy Storage. During the six months ended 2015 and 2014, no contributions were made to Hardy Storage. Hardy Storage distributed $0.5 million of earnings to NiSource during each of the three months ended June 30, 2015 and 2014, and distributed $1.0 million of earnings to NiSource during each of the six months ended June 30, 2015 and 2014.

Nature of Sales
Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Transmission and Columbia Gulf provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Gas Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and tracker-related revenues. For the quarter ended June 30, 2015, approximately 94.5% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.1% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 94.3% and 3.9%, respectively, for the quarter ended June 30, 2014. For the six months ended June 30, 2015, approximately 94.2% of the transportation revenues were derived from the capacity reservation fees under firm contracts and 4.3% of the transportation revenue were derived from usage fees under firm contracts compared to approximately 93.4% and 4.6% respectively, for the six months ended June 30, 2014.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended June 30, 2015 and 2014, approximately 1.3% and 1.8%, respectively, of the transportation revenues were derived from interruptible contracts. For the six months ended June 30, 2015 and 2014, approximately 1.5% and 2.1% respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters
Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of June 30, 2015 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput
Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, Midwestern, and southern states as well as the District of Columbia. Throughput for Columbia Gulf reflects transportation services for gas delivered through its mainline and laterals. Crossroads Pipeline's throughput comes from deliveries it makes to its customers and other pipelines that are located in northern Indiana and Ohio. Intersegment eliminations represent gas delivered to affiliated pipelines within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 344.7 MMDth for the second quarter of 2015 , compared to 321.5 MMDth for the same period in 2014 . The increase of 23.2 MMDth primarily reflected increased transportation of Marcellus and Utica natural gas production and increased deliveries to the power generation plants of the LDCs.

Throughput for the Columbia Pipeline Group Operations segment totaled 957.8 MMDth for the six months ended June 30, 2015 , compared to 910.0 MMDth for the same period in 2014 . The increase of 47.8 MMDth primarily reflected increased transportation of Marcellus and Utica natural gas production.

Net Revenues
Net revenues were $315.8 million for the second quarter of 2015 , a decrease of $27.6 million from the same period in 2014 . The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of $48.1 million and other miscellaneous decreases of $4.5 million. These decreases were partially offset by increased demand margin revenue of $25.0 million as a result of growth projects placed in service and new firm contracts.

Net revenues were $655.5 million for the six months ended June 30, 2015, a decrease of $33.4 million from the same period in 2014. The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of $75.5 million and decreased mineral rights royalty revenue of $4.1 million. These decreases were partially offset by increased demand margin revenue of $55.7 million as a result of growth projects placed in service and new firm contracts.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

Operating Income
Operating income was $108.6 million for the second quarter of 2015 , an increase of $4.9 million from the second quarter of 2014 . Operating income increased as a result of decreased operating expenses and higher equity earnings, partially offset by lower net revenues, as described above. Operating expenses were $29.9 million lower due to a decrease in regulatory trackers, which are offset in net revenues, of $48.1 million and higher gains on the sale of assets of $8.0 million primarily resulting from increased gains on conveyances of mineral interests. These decreases in operating expenses were partially offset by higher outside service costs of $7.8 million, increased employee and administrative expenses of $7.4 million and higher depreciation of $5.1 million. Equity Earnings increased $2.6 million due to increased earnings at Pennant.

Operating income was $271.6 million for the six months ended June 30, 2015, an increase of $9.0 million from the comparable 2014 period. Operating income increased as a result of lower operating expenses and increased equity earnings partially offset by lower net revenues, as described above. Operating expenses were $34.2 million lower than the comparable period primarily as a result of decreased regulatory trackers, which are offset in net revenues, of $75.5 million. This decrease in operating expenses was partially offset by higher employee and administrative expenses of $14.8 million, increased outside service costs of $9.7 million and higher depreciation of $7.9 million. Additionally, there were decreased gains on the conveyances of mineral interests of $4.2 million and increased other taxes of $2.3 million. Equity earnings increased $8.2 million primarily due to higher earnings at Pennant and Millennium.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

During the quarter ended June 30, 2015, NiSource implemented the final phase of a multi-year process of migrating all of its subsidiaries to a common general ledger system. During this phase, NIPSCO and NiSource Corporate Services migrated to this new general ledger system. The implementation is not being made in response to any deficiency in our internal controls. This implementation has resulted in certain changes to business processes and internal controls impacting our financial reporting. NiSource has taken steps to monitor and maintain appropriate internal control over financial reporting during this phase and will continue to evaluate the operating effectiveness of related controls during subsequent periods.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually significant at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect the Company's business, financial condition, results of operations, cash flows, and the trading price of the Company's common stock. In light of the Separation, the following risks and uncertainties amend and restate those previously disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2014.

NiSource has substantial indebtedness which could adversely affect its financial condition.

NiSource had total consolidated indebtedness of $9,485.6 million outstanding as of June 30, 2015, of which $2,765.9 million was attributable to Columbia Pipeline Group. The Company's substantial indebtedness could have important consequences. For example, it could:

- limit the Company's 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 the Company's flexibility in planning for, or reacting to, changes in the business and the industries in which it operates;
- lead parties with whom NiSource does business to require additional credit support, such as letters of credit, in order for NiSource to transact such business;
- place NiSource at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit the ability of the Company to execute on its growth strategy, which is dependent upon access to capital to fund its substantial investment program.

Some of NiSource's debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. NiSource's 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, a drop in NiSource's credit rating could adversely impact the cost for NiSource to issue new debt securities.

A drop in NiSource's credit rating could adversely impact NiSource's liquidity.

On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB+ and the commercial paper rating to A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

The Company's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Therefore, there is no assurance that NiSource will continue to maintain such investment grade credit ratings in the future.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of June 30, 2015 the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $41.3 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 a rating agency were to downgrade the Company's rating below investment grade, its borrowing costs would increase and our funding sources could decrease. In addition, a failure by us to maintain an investment grade rating could affect our business relationships with suppliers and operating partners.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource may not be able to execute its growth strategy as planned.

Because of changes in the business or regulatory environment, NiSource may not be able to execute its business plan as intended. NiSource's customer and regulatory initiatives may not achieve planned results. In addition, NiSource's growth plan relies on the continued view of natural gas as an economically and ecologically attractive fuel. Any developments that cause natural gas no longer to be seen as a favored fuel could adversely affect our results of operations and growth prospects.

Adverse economic and market conditions or increases in interest rates could reduce net revenue growth, increase costs, decrease future net income and cash flows and impact capital resources and liquidity needs.

While the national economy is experiencing some recovery from the recent downturn, NiSource cannot predict how robust the recovery will be or whether or not it will be sustained.

Continued sluggishness in the economy impacting NiSource's operating jurisdictions could adversely impact NiSource's ability to grow its customer base and collect revenues from customers, which could reduce net revenue growth and increase operating costs. An increase in the interest rates NiSource pays would adversely affect future net income and cash flows. In addition, NiSource depends on debt to finance its operations, including both working capital and capital expenditures, and would be adversely affected by increases in interest rates. If the current economic recovery remains slow or credit markets again tighten, NiSource's ability to raise additional capital or refinance debt at a reasonable cost could be negatively impacted. Refer to Note 14, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information related to outstanding long-term debt and maturities of that debt.

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. NiSource has significant obligations in these areas and holds significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which fall below NiSource's 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 and other postretirement benefit 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 changes in life expectancy assumptions. Ultimately, significant funding requirements and increased pension expense could negatively impact NiSource's results of operations and financial position.

The majority of NiSource's net revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of NiSource's net revenues are subject to economic regulation at either the federal or state level. As such, the net revenues generated by those regulated companies 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. NiSource's financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs. Additionally, the costs of complying with future changes in environmental laws and regulations are expected to be significant, and their recovery through rates will be contingent on regulatory approval.

As a result of efforts to introduce market-based competition in certain markets where the regulated businesses conduct operations, NiSource may compete with independent marketers for customers. This competition exposes NiSource to the risk that certain stranded costs may not be recoverable and may affect results of NiSource's growth strategy and cash flows.

NiSource's costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the recognition of environmental liabilities could impact cash flow and profitability.

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous waste, solid waste, and coal combustion residuals. Compliance with these legal obligations requires NiSource to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at many of NiSource's facilities. These expenditures are significant, and NiSource expects that they will continue to be significant in the future. Furthermore, if

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's subsidiaries fail to comply with environmental laws and regulations or cause harm to the environment or persons, even if caused by factors beyond NiSource's control, that failure or harm may result in the assessment of civil or criminal penalties and damages against NiSource and its subsidiaries.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to NiSource's subsidiaries. Revised or additional laws and regulations could result in significant additional expense and operating restrictions on NiSource's facilities or increased compliance costs, which may not be fully recoverable from customers and would, therefore, reduce net income. Moreover, such costs could materially affect the continued economic viability of one or more of NiSource's facilities.

Because NiSource's operations deal with natural gas and coal fossil fuels, emissions of GHGs are an expected aspect of the business. While NiSource attempts to reduce GHG emissions through efficiency programs, leak detection, and other programs, GHG emissions cannot be entirely eliminated. The current administration has made it clear that it is focused on reducing GHG emissions, through legislation and/or regulation. Imposing statutory or regulatory restrictions and/or costs on GHG emissions could increase NiSource's cost of producing energy, which could impact customer demand or NiSource's profitability. Compliance costs associated with these requirements could also affect NiSource's cash flow. The cost impact of any new or amended GHG legislation or regulations would depend upon the specific requirements enacted and cannot be determined at this time.

Even in instances where legal and regulatory requirements are already known, the original estimates for cleanup and environmental capital projects can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of contamination, the method of cleanup, the cost of raw materials, contractor costs, and the availability of cost recovery from customers. Changes in costs and the ability to recover under regulatory mechanisms could affect NiSource's financial position, operating results and cash flows.

A significant portion of the gas and electricity NiSource sells is used by residential and commercial customers for heating and air conditioning. Accordingly, the operating results fluctuate depending on the weather and, to a certain extent, usage of gas or electricity.

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 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, whereby usage declines with increased costs, thus affecting NiSource's financial results. Lastly, residential and commercial customers' usage is sensitive to economic conditions and the impact of macro-economic drivers such as unemployment, consumption and consumer confidence, which could also affect NiSource's financial results.

NiSource's business operations are subject to economic conditions in certain industries.

Business operations throughout NiSource's service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers may be impacted by economic downturns. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

Fluctuations in the price of energy commodities or their related transportation costs may have a negative impact on NiSource's financial results.

NiSource's electric generating fleet is dependent on coal and natural gas for fuel, and its gas distribution operations purchase and resell much of the natural gas they deliver. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. Hedging activities have been deployed in order to offset fluctuations in commodity supply prices and NiSource relies on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the costs incurred in operations. However, while NiSource has historically been successful in 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. Additionally, increased gas and electricity costs could result in reduced demand from customers as a result of increased conservation activities.

NiSource is 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.

NiSource's extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. Credit risk exposure is monitored

ITEM 1A. RISK FACTORS

NiSource Inc.

by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of its banking partners and other counterparties through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by the major credit rating agencies. Continued adverse economic conditions could increase credit risk and could result in a material adverse effect on NiSource.

NiSource has significant goodwill and definite-lived intangible assets. An impairment of goodwill or definite-lived intangible assets could result in a significant charge to earnings and negatively impact NiSource's compliance with certain covenants under financing agreements.

In accordance with GAAP, NiSource tests goodwill for impairment at least annually and reviews its definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill also is 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. NiSource would be required to record a charge in the financial statements during the period in which any impairment of the goodwill or definite-lived intangible assets is determined, negatively impacting the results of operations. A significant charge could impact the capitalization ratio covenant under certain financing agreements. NiSource is subject to a financial covenant under its five-year revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2015, the ratio was 56.0%.

Changes in taxation and the ability to quantify such changes could adversely affect NiSource's financial results.

NiSource is subject to taxation by the various taxing authorities at the federal, state and local levels where it does business. Legislation or regulation which could affect NiSource's tax burden could be enacted by any of these governmental authorities. NiSource cannot predict the timing or extent of such tax-related developments which could have a negative impact on the financial results. Additionally, NiSource uses its best judgment in attempting to quantify and reserve for these tax obligations. However, a challenge by a taxing authority, NiSource's 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.

Changes in accounting principles may adversely affect NiSource's financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way NiSource records revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect its financial condition and results of operations.

Transportation and storage of natural gas, as well as the distribution of natural gas, and the generation, transmission and distribution of electricity involve numerous risks that may result in accidents and other operating risks and costs.

NiSource's gas distribution, gas transmission and storage activities, as well as generation, transmission, and distribution of electricity involve a variety of inherent hazards and operating risks, such as gas leaks, downed power lines, accidents, including third-party damages, large scale outages, and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in serious injury or loss of life to employees and the general public, significant damage to property, environmental pollution, impairment of its operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses to NiSource. In accordance with customary industry practice, NiSource maintains insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities, or generation, transmission, substations and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events could adversely affect NiSource's financial position and results of operations.

Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact NiSource's financial results.

NiSource has risks associated with aging infrastructure assets. The age of these assets may result in a need for replacement, a higher level of maintenance costs and unscheduled outages despite diligent efforts by NiSource to properly maintain these assets through inspection, scheduled maintenance and capital investment. The failure to operate these assets as desired could result in NiSource's inability to meet firm service obligations, adversely impact revenues, and result in increased capital expenditures and expenses, which may not be fully recoverable from customers.

ITEM 1A. RISK FACTORS

NiSource Inc.

Climate change, natural disasters, acts of terrorism 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 major hurricane, tornado, terrorist attack or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. NiSource has experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The cost, availability and sufficiency of insurance for these risks could adversely affect NiSource's results of operations, financial position and cash flows.

There is also a concern that climate change may exacerbate the risks to physical infrastructure associated with heat and extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect NiSource's business in many ways, including increasing the cost NiSource incurs in providing its products and services, impacting the demand for and consumption of its products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which NiSource operates.

A cyber-attack on any of NiSource's or certain third-party computer systems upon which NiSource relies may adversely affect its ability to operate.

NiSource is reliant on technology to run its businesses, which are dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of its business, including the generation, transmission and distribution of electricity, operation of its gas pipelines and storage facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. Any failure of NiSource's computer systems, or those of its customers, suppliers or others with whom it does business, could materially disrupt NiSource's ability to operate its business and could result in a financial loss and possibly do harm to NiSource's reputation.

Additionally, NiSource's information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources with the apparent aim to breach NiSource's cyber-defenses. Although NiSource attempts to maintain adequate defenses to these attacks and works through industry groups and trade associations to identify common threats and assess NiSource's countermeasures, a security breach of NiSource's information systems could (i) impact the reliability of NiSource's generation, transmission, storage and distribution systems and potentially negatively impact NiSource's compliance with certain mandatory reliability standards, (ii) subject NiSource to harm associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to NiSource's customers or employees, and/or (iii) impact NiSource's ability to manage NiSource's businesses.

NiSource's capital projects and programs subject the Company to construction risks and natural gas costs and supply risks.

NiSource is engaged in an intrastate natural gas pipeline modernization program to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including air-quality related improvements to its electric generating stations, as well as the construction of new transmission facilities. As NiSource undertakes these projects and programs, it may not be able to complete them on schedule or at the anticipated costs. Additionally, NiSource may construct or purchase some of these projects and programs to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time. NiSource also may not receive material increases in revenue and cash flows until after the completion of the projects and programs.

Sustained extreme weather conditions may negatively impact NiSource's operations.

NiSource conducts its operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress on NiSource's infrastructure may reveal weaknesses in its systems not previously known to the Company or otherwise present various operational challenges across all business segments. Although NiSource makes every effort to plan for weather related contingencies, adverse weather may affect its ability to conduct operations in a manner that satisfies customer expectations or contractual obligations. The Company endeavors to minimize such service disruptions, but may not be able to avoid them altogether.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource is a holding company and is dependent on cash generated by subsidiaries to meet its debt obligations and pay dividends on its common stock.

NiSource is a holding company and conducts its operations primarily through its subsidiaries. Substantially all of NiSource's consolidated assets are held by its subsidiaries. Accordingly, NiSource's ability to meet its debt obligations or pay dividends on its common 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 NiSource, NiSource's ability to service its debt obligations or pay dividends could be negatively affected.

Following the Separation, all of the entities formerly included in NiSource's Columbia Pipeline Group Operations segment have been separated from NiSource and are held by a separate publicly traded company (CPG). The related assets are no longer held by subsidiaries of NiSource, which may negatively affect NiSource's ability to service its debt obligations or pay dividends.

The Separation may not achieve the intended benefits and may result in significant tax liabilities.

NiSource cannot predict with certainty when the benefits expected from the Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors.

As a result of the completion of the Separation, NiSource faces new and unique risks, including having fewer assets, reduced financial resources and less diversification of revenue sources. In addition, the changes in the Company's operational and financial profile may not meet some or all of its stockholders' investment strategies, which could cause investors to sell their NiSource shares and otherwise decrease demand for shares of NiSource common stock. This may cause the relative market price of NiSource common stock to decrease, and the market price of NiSource common stock may be subject to greater volatility following the completion of the Separation.

The Separation was conditioned on the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource stockholders is expected to qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Even though NiSource has received such an opinion, the Internal Revenue Service could determine on audit that the distribution is taxable. Both NiSource and its stockholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(2.1)	Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. ("CPG") (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015). +
(3.1)	Amended and Restated Certificate of Incorporation (amendments approved by the NiSource stockholders at the Annual Meeting held May 12, 2015).**
(4.1)	Indenture, dated as of May 22, 2015, by and among CPG, CPG OPCO LP, Columbia Energy Group, and CPG OPCO GP LLC (the "Guarantors") and U.S Bank National Association, as Trustee, governing the Notes (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(4.2)	Registration Rights Agreement, dated as of May 22, 2015, by and among CPG, the Guarantors, and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Scotia Capital (USA) Inc., relating to the Notes (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(4.3)	Form of 2.45% Senior Note due 2018 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(4.4)	Form of 3.30% Senior Note due 2020 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(4.5)	Form of 4.50% Senior Note due 2025 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(4.6)	Form of 5.80% Senior Note due 2045 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held May 12, 2015, filed on April 7, 2015).*
(10.2)	Tax Allocation Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(10.3)	Employee Matters Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on July 2, 2015).
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

\+ The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

SIGNATURE

NiSource Inc.

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

NiSource Inc.
(Registrant)

Date: August 3, 2015

By: /s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NISOURCE INC.

As Amended Through

May 12, 2015

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NISOURCE INC.

Article I
Name

The name of this Corporation is NiSource Inc.

Article II
Registered Office

The registered office of the Corporation in the State of Delaware is located at Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of its registered agent is Corporation Service Company, and the address of said registered agent is 2711 Centerville Road, Suite 400, in said city.

Article III
Statement of Purpose

The nature of the business to be conducted and the purposes of the Corporation are to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended.

Article IV
Classes of Capital Stock

The total number of shares of all classes of stock which the Corporation shall have authority to issue is Four hundred twenty million (420,000,000), of which Twenty million (20,000,000) shares of the par value $.01 each are to be of a class designated Preferred Stock and Four hundred million (400,000,000) shares of the par value of $.01 each are to be of a class designated Common Stock.

A. Common Stock

1. Subject to the powers, preferences and other special rights afforded Preferred Stock by the provisions of this Article IV or resolutions adopted pursuant hereto, the holders of the Common Stock shall be entitled to receive, to the extent permitted by Delaware law, such dividends as may from time to time be declared by the Board of Directors.

2. Except as otherwise required by Delaware law and as otherwise provided in this Article IV and resolutions adopted pursuant hereto with respect to Preferred Stock, and subject to the provisions of the Bylaws of the Corporation, as from time to time amended, with respect to the closing of the transfer books and the fixing of a record date for the determination of stockholders entitled to vote, the holders of the Common Stock shall exclusively possess voting power for the election of directors and for all other purposes, and the holders of the Preferred Stock shall have no voting power and shall not be entitled to any notice of any meeting of stockholders.

3. Except as may otherwise be required by law, this Amended and Restated Certificate of Incorporation or the provisions of the resolution or resolutions as may be adopted by the Board of Directors pursuant to this Article IV with respect to Preferred Stock, each holder of Common Stock, and each holder of Preferred Stock, if entitled to vote on such matter, shall be entitled to one vote in respect of each share of Common Stock or Preferred Stock, as the case may be, held by such holder on each matter voted upon by stockholders, and any such right to vote shall not be cumulative.

4. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Except as otherwise required by law and subject to the rights of the holders of any class or any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption) or, subject to the provisions of the Bylaws of the Corporation,

upon the written request of stockholders of the Corporation holding no less than twenty-five percent of the shares of Common Stock issued and outstanding.

5. In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Stock, as set forth in this Article IV or the resolutions adopted with respect to such series under this Article IV, holders of Common Stock shall be entitled to receive all of the remaining assets of the Corporation of whatever kind available for distribution to the stockholders ratably and in proportion to the number of shares of Common Stock held by them respectively. The Board of Directors may distribute in kind to the holders of Common Stock such remaining assets of the Corporation or may sell, transfer, otherwise dispose of all or any part of such remaining assets to any other corporation, trust or other entity and receive payment therefor in cash, stock or obligations of such other corporation, trust or other entity, or a combination thereof, and may set all or make any part of the consideration so received and distributed or any balance thereof in kind to holders of Common Stock. The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Corporation of any class, shall not be deemed to be a dissolution, liquidation, or winding-up of the Corporation for the purposes of this Article IV.

B. Preferred Stock

The express grant of authority to the Board of Directors of the Corporation to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the shares of Preferred Stock that are not fixed by this Amended and Restated Certificate of Incorporation is as follows:

1. The Preferred Stock may be issued from time to time in any amount, not exceeding in the aggregate the total number of shares of Preferred Stock herein above authorized, reduced by the number of shares of Preferred Stock designated under Section C of this Article IV, as Preferred Stock of one or more series, as hereinafter provided. All shares of any one series of Preferred Stock shall be alike in every particular, each series thereof shall be distinctively designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Subsection B.2 of this Article IV.

2. Authority is hereby expressly granted to and vested in the Board of Directors from time to time to issue the Preferred Stock as Preferred Stock of any series and in connection with the creation of each such series to fix, by the resolution or resolutions providing for the issue of shares thereof, the voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, if any, of such series, to the full extent now or hereafter permitted by the laws of the State of Delaware. Pursuant to the foregoing general authority vested in the Board of Directors, but not in limitation of the powers conferred on the Board of Directors thereby and by the laws of the State of Delaware, the Board of Directors is expressly authorized to determine with respect to each series of Preferred Stock other than the series designated under Section C of this Article IV:

(a) the designation of such series and number of shares constituting such series;

(b) the dividend rate or amount of such series, the payment dates for dividends on shares of such series, the status of such dividends as cumulative or non-cumulative, the date from which dividends on shares of such series, if cumulative, shall be cumulative, and the status of such as participating or non-participating after the payment of dividends as to which such shares are entitled to any preference;

(c) the price or prices (which amount may vary under different conditions or at different dates) at which, and the times, terms and conditions on which, the shares of such series may be redeemed at the option of the Corporation;

(d) whether or not the shares of such series shall be made optionally or mandatorily convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation or other securities and, if made so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made and any other terms and conditions of such conversion or exchange;

(e) whether or not the shares of such series shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of shares of such series, and if so entitled, the amount of such fund and the manner of its application, including the price or prices at which shares of such series may be redeemed or purchased through the application of such fund;

(f) whether or not the issue of any additional shares of such series or any future series in addition to such series or of any shares of any other class of stock of the Corporation shall be subject to restrictions and, if so, the nature thereof;

(g) the rights and preferences, if any, of the holders of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the status of the shares of such series as participating or non-participating after the satisfaction of any such rights and preferences;

(h) the full or limited voting rights, if any, to be provided for shares of such series, in addition to the voting rights provided by law; and

(i) any other relative powers, preferences and participating, optional or other special rights and the qualifications, limitations or restrictions thereof, of shares of such series;

in each case, so far as not inconsistent with the provisions of this Amended and Restated Certificate of Incorporation or the Delaware General Corporation Law then in effect.

C. Series A Junior Participating Preferred Stock.

The designation and number of shares, and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of a series of Preferred Stock are fixed by this Section C of ARTICLE IV as follows:

1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 4,000,000.

2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar shares) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior shares, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 20th day of February, May, August and November in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) $26 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Stock or a subdivision of the outstanding Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share of Series A Preferred Stock or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph 2(a) of this Section C immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $26 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of Series A Preferred Stock will have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided in this Amended and Restated Certificate of Incorporation, in any resolution creating a series of Preferred Stock or by law, the holders of Series A Preferred Stock and the holders of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) If at the time of any annual meeting of stockholders for the election of directors a "default in preference dividends" on the Series A Preferred Stock shall exist, the number of directors constituting the Board of Directors of the Corporation shall be increased by two (2), and the holders of the Preferred Stock of all series (whether or not the holders of such series of Preferred Stock would be entitled to vote for the election of directors if such default in preference dividends did not exist) shall have the right at such meeting, voting together as a single class without regard to series, to the exclusion of the holders of Common Stock, to elect two (2) directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Preferred Stock. Each director elected by the holders of Preferred Stock (a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Preferred Stock voting together as a single class without regard to series, at a meeting of the stockholders or of the holders of Preferred Stock called for the purpose. So long as a default in any preference dividends on the Preferred Stock shall exist, (i) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (ii)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Preferred Stock voting together as a single class without regard to series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board of Directors of the Corporation shall be reduced by two (2). For the purposes hereof, a "default in preference dividends" on the Preferred Stock shall be deemed to have occurred whenever the amount of accrued dividends upon any series of the Preferred Stock shall be equivalent to six (6) full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all Preferred Stock of each and every series then outstanding shall have been paid to the end of the last preceding quarterly dividend period.

(d) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock, as provided in paragraph 2 of this Section C, are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity shares on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior shares in exchange for any shares of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any Series A Preferred Stock, or any shares ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of the Corporation unless the Corporation could, under paragraph 4(a) of this Section C, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and, upon the filing of any certificate that may be required by Delaware law, canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth in this Article IV or any resolution providing for the creation of any series of Preferred Stock adopted pursuant thereto or as otherwise required by law.

6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of Series A Preferred Stock shall have received $6,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (b) to the holders of shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity shares in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of Common Stock that were outstanding immediately prior to such event.

7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other shares or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or

changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of shares, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Shares payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. No Redemption. The Series A Preferred Stock shall not be redeemable.

9. Conversion. The Series A Preferred Stock shall not be convertible into Common Stock or shares of any other series of any other class of Preferred Stock.

10. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of Preferred Stock, unless the terms of any such series shall provide otherwise.

11. Amendment. This Amended and Restated Certificate of Incorporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding Series A Preferred Stock, voting together as a single class.

Article V
Board of Directors

A. Election and Removal of Directors

1. The Board of Directors shall consist of not less than seven (7) or more than twelve (12) persons, the exact number to be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), provided, however, this provision shall not act to limit Board size in the event the holders of one or more series of Preferred Stock are entitled to elect directors to the exclusion of holders of Common Stock. Each director who is serving as a director on the date of this Amended and Restated Certificate of Incorporation shall hold office until the next annual meeting of stockholders following such date and until his or her successor has been duly elected and qualified, notwithstanding that such director may have been elected for a term that extended beyond the date of such next annual meeting of stockholders. At each annual meeting of the stockholders of the Corporation after the date of this Amended and Restated Certificate of Incorporation, directors elected at such annual meeting shall hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified.

2. Notwithstanding the foregoing and except as otherwise provided by law, whenever the holders of any series of Preferred Stock shall have the right (to the exclusion of holders of Common Stock) to elect directors of the Corporation pursuant to the provisions of Article IV or any resolution adopted pursuant thereto, the election of such directors of the Corporation shall be governed by the terms and provisions of Article IV or said resolutions and such directors shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the first year following their election or, if such right of the holders of the Preferred Stock is terminated, for a term expiring in accordance with the provisions of Article IV or such resolutions.

3. Newly-created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, even though less than a quorum of the Board of Directors, acting at a regular or special meeting. If any applicable provision of the Delaware General Corporation Law, Article IV or any resolution adopted pursuant to Article IV expressly confers power on stockholders to fill such a directorship at a special meeting of stockholders, such a directorship may be filled at such a meeting only by the affirmative vote of a majority of the combined voting powers of the outstanding shares of stock of the Corporation entitled to vote generally; provided, however, that when (a) pursuant to the provisions of Article IV or any resolutions adopted pursuant thereto, the holders of any series of Preferred Stock have the right (to the exclusion of holders of the Common Stock), and have exercised such right, to elect directors and (b) Delaware General Corporation Law, Article IV or any such resolution expressly confers on stockholders voting rights as aforesaid, if the directorship to be filled had been occupied by a director elected by the holders of Common Stock, then such directorship shall be filled by a

majority vote as aforesaid, but if such directorship to be filled had been elected by holders of Preferred Stock, then such directorship shall be filled in accordance with Article IV or the applicable resolutions adopted under Article IV. Any director elected in accordance with the two preceding sentences shall hold office until such director's successor shall have been elected and qualified unless such director was elected by holders of Preferred Stock (acting to the exclusion of the holders of Common Stock), in which case such director's term shall expire in accordance with Article IV or the applicable resolutions adopted pursuant to Article IV. No decrease in the number of authorized directors constituting the entire Board of Directors shall shorten the term of any incumbent director, except as otherwise provided in Article IV or the applicable resolutions adopted pursuant to Article IV with respect to directorships created pursuant to one or more series of Preferred Stock.

4. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, any director or directors may be removed from office at any time, but only for cause and only by the affirmative vote of a majority of the combined voting power of all of the then-outstanding shares of stock of the Corporation entitled to vote generally, voting together as a single class (it being understood that for all purposes of this Article V, each share of Preferred Stock shall have the number of votes, if any, granted to it pursuant to this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV).

5. Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the stock of the Corporation required by law, this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV, the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal this Article V, or any provision hereof.

B. Liability, Indemnification and Insurance

1. Limitation on Liability. To the fullest extent that the Delaware General Corporation Law as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the personal liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Section B.1 shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

2. Right to Indemnification. The Corporation shall to the fullest extent permitted by applicable law as then in effect indemnify any person (the Indemnitee) who was or is involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or of NiSource Corporate Services Company or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment of any expenses incurred by the Indemnitee in connection with such Proceeding in advance of its final disposition, consistent with the provisions of applicable law as then in effect.

3. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Subsection B.2 of this Section B or incurred by any Indemnitee in connection with any Proceeding referred to in Subsection B.2 of this Section B, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Section B and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section B.

4. Indemnification; No Exclusive Right. The right of indemnification provided in this Section B shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Section B shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Section B and shall be applicable to Proceedings commenced or continuing after the adoption of this Section B, whether arising from acts or omissions occurring before or after such adoption.

5. Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Section B:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Section B.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Section B, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than sixty (60) days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Section B shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), even if they constitute less than a quorum of the Board; (B) by a written opinion of Independent Counsel (as hereinafter defined) if (x) a Change of Control (as hereinafter defined) shall have occurred and the Indemnitee so requests or (y) there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors presents the issue of entitlement to indemnification to the stockholders for their determination); or (D) as provided in Section B.5(c).

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section B.5(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel (except that if there are no Disinterested Directors, the Corporation's General Counsel shall select the Independent Counsel), but only an Independent Counsel to which the Indemnitee does not reasonably object; provided, however, that if a Change of Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(iv) The only basis upon which a finding of no entitlement to indemnification may be made is that indemnification is prohibited by law.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Section B, if a Change of Control shall have occurred, the Indemnitee shall be presumed to be entitled to indemnification under this Section B upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section B.5(b)(i), and thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section B.5(b) to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefor together with the Supporting Documentation, the Indemnitee shall be deemed to be entitled to indemnification and the Indemnitee shall be entitled to such indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section B.2, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

(d) Remedies of Indemnitee.

(i) In the event that a determination is made, pursuant to Section B.5(b) that the Indemnitee is not entitled to indemnification under this Section B, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial Proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) in any such judicial Proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Section B.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section B.5(b) or (c), that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five (5) days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (x) advancement of expenses is not timely made pursuant to Section B.5(a) or (y) payment of indemnification is not made within five (5) days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section B.5(b) or (c), the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in subclause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to this Section B.5(d) that the procedures and preemptions of this Section B are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Section B.

(iv) In the event that the Indemnitee, pursuant to this Section B.5(d), seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Section B, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnitee if the Indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section B.5:

(i) "Change in Control" means (A) so long as the Public Utility Holding Company Act of 1935 is in effect, any "company" becoming a "holding company in respect to the Corporation or any determination by the Securities and Exchange Commission that any "person" should be subject to the obligations, duties, and liabilities if imposed by said Act by virtue of his, hers or its influence over the management or policies of the Corporation, or (B) whether or not said Act is in effect a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing ten percent or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such acquisition; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (A) the Corporation or the Indemnitee in any matter material to either such party or (B) any other party to the Proceeding giving rise to a claim for indemnification under this Section B. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under Delaware law, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Section B.

6. Severability. If any provision or provisions of this Section B shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provision of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

7. Successor Laws, Regulations and Agencies. Reference herein to laws, regulations or agencies shall be deemed to include all amendments thereof, substitutions therefor and successors thereto.

Article VI
General Powers of the Board of Directors

A. Bylaws

The Board of Directors shall have the power to make, alter, amend and repeal the Bylaws of the Corporation in such form and with such terms as the Board may determine, subject to the power granted to stockholders to alter or repeal the Bylaws provided under Delaware law; provided, however, that, notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal any provision of the Bylaws which is to the same effect as any one or more sections of this Article VI.

B. Charter Amendments

Subject to the provisions hereof, the Corporation, through its Board of Directors, reserves the right at any time, and from time to time, to amend, alter, repeal or rescind any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereinafter prescribed by law, and any other provisions authorized by Delaware law at the time enforced may be added or inserted, in the manner now or hereinafter prescribed by law, and any and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Amended and Restated Certificate of Incorporation in its present form or as hereinafter amended are granted subject to the rights reserved in this Article.

Exhibit 31.1

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

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2015

By: /s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Exhibit 31.2

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

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2015 By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: August 3, 2015

Exhibit 32.2

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: August 3, 2015

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 04/30/15 for the Period Ending 03/31/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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)

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

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.)
Yes ☑ No ☐

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

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 317,377,794 shares outstanding at April 23, 2015 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2015

Table of Contents

DEFINED TERMS

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

NiSource Subsidiaries and Affiliates	
Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CEVCO	Columbia Energy Ventures, LLC
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company, LLC
Columbia Midstream	Columbia Midstream Group, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia OpCo	CPG OpCo LP
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPG	Columbia Pipeline Group
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Pennant	Pennant Midstream, LLC

Abbreviations	
AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule

DEFINED TERMS (continued)

CAMR	Clean Air Mercury Rule
CCRs	Coal Combustion Residuals
CCRM	Capital Cost Recovery Mechanism
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
Dth/d	Dekatherm per day
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
IPO	Initial Public Offering
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet

DEFINED TERMS (continued)

MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MLP	Master Limited Partnership
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
Proposed Separation	On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Advance Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

Table of Contents

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended March 31, 2015	2014
Net Revenues		
Gas Distribution	**$ 1,080.7**	$ 1,215.0
Gas Transportation and Storage	**628.0**	578.5
Electric	**394.7**	450.0
Other	**46.3**	77.0
Gross Revenues	**2,149.7**	2,320.5
Cost of Sales (excluding depreciation and amortization)	**806.0**	1,061.3
Total Net Revenues	**1,343.7**	1,259.2
Operating Expenses		
Operation and maintenance	**574.1**	501.2
Depreciation and amortization	**157.5**	148.7
Gain on sale of assets	**(5.0)**	(15.7)
Other taxes	**102.4**	101.1
Total Operating Expenses	**829.0**	735.3
Equity Earnings in Unconsolidated Affiliates	**15.4**	9.8
Operating Income	**530.1**	533.7
Other Income (Deductions)		
Interest expense, net	**(111.0)**	(109.1)
Other, net	**7.1**	4.5
Total Other Deductions	**(103.9)**	(104.6)
Income from Continuing Operations before Income Taxes	**426.2**	429.1
Income Taxes	**150.9**	162.7
Income from Continuing Operations	**275.3**	266.4
Loss from Discontinued Operations - net of taxes	**—**	(0.2)
Net Income	**275.3**	266.2
Less: Net income attributable to noncontrolling interest	**6.9**	—
Net Income attributable to NiSource	**$ 268.4**	$ 266.2
Amounts attributable to NiSource:		
Income from continuing operations	**$ 268.4**	$ 266.4
Loss from discontinued operations	**—**	(0.2)
Net Income attributable to NiSource	**$ 268.4**	$ 266.2
Basic Earnings Per Share		
Continuing operations	**$ 0.85**	$ 0.85
Discontinued operations	**—**	—
Basic Earnings Per Share	**$ 0.85**	$ 0.85
Diluted Earnings Per Share		
Continuing operations	**$ 0.85**	$ 0.85
Discontinued operations	**—**	—
Diluted Earnings Per Share	**$ 0.85**	$ 0.85
Dividends Declared Per Common Share	**$ 0.52**	$ 0.50
Basic Average Common Shares Outstanding	**316.6**	314.2
Diluted Average Common Shares	**317.4**	315.1

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

	Three Months Ended March 31,	
(in millions, net of taxes)	**2015**	2014
Net Income	**$ 275.3**	$ 266.2
Other comprehensive income		
Net unrealized gain on available-for-sale securities [1]	**0.9**	0.3
Net unrealized gain on cash flow hedges [2]	**0.9**	0.6
Unrecognized pension and OPEB benefit [3]	**0.2**	0.2
Total other comprehensive income	**2.0**	1.1
Comprehensive Income	**$ 277.3**	$ 267.3
Less: Comprehensive income attributable to noncontrolling interest	**6.9**	—
Comprehensive Income attributable to NiSource	**$ 270.4**	$ 267.3

[1] Net unrealized gain on available-for-sale securities, net of $ 0.5 million and $ 0.2 million tax expense in the first quarter of 2015 and 2014 , respectively.

[2] Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.4 million and $0.4 million tax expense in the first quarter of 2015 and 2014 , respectively.

[3] Unrecognized pension and OPEB benefit, net of $0.1 million and zero tax expense in the first quarter of 2015 and 2014 , respectively.

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	March 31, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	$ 25,593.9	$ 25,234.8
Accumulated depreciation and amortization	(9,686.7)	(9,578.6)
Net utility plant	15,907.2	15,656.2
Other property, at cost, less accumulated depreciation	376.2	360.9
Net Property, Plant and Equipment	16,283.4	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	447.9	452.6
Other investments	208.7	210.4
Total Investments and Other Assets	656.6	663.0
Current Assets		
Cash and cash equivalents	42.0	25.4
Restricted cash	21.6	24.9
Accounts receivable (less reserve of $40.3 and $25.2, respectively)	1,152.0	1,070.1
Gas inventory	134.4	445.1
Underrecovered gas and fuel costs	25.5	32.0
Materials and supplies, at average cost	109.0	106.0
Electric production fuel, at average cost	75.5	64.8
Exchange gas receivable	77.0	63.1
Regulatory assets	159.5	193.5
Deferred income taxes	277.2	272.1
Prepayments and other	187.3	169.5
Total Current Assets	2,261.0	2,466.5
Other Assets		
Regulatory assets	1,683.2	1,696.4
Goodwill	3,666.2	3,666.2
Intangible assets	261.9	264.7
Deferred charges and other	86.6	92.4
Total Other Assets	5,697.9	5,719.7
Total Assets	$ 24,898.9	$ 24,866.3

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, except share amounts)	March 31, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 317,281,405 and 316,037,421 shares outstanding, respectively	$ 3.2	$ 3.2
Additional paid-in capital	5,048.4	4,787.6
Retained earnings	1,597.5	1,494.0
Accumulated other comprehensive loss	(46.6)	(50.6)
Treasury stock	(79.0)	(58.9)
Total NiSource Common Stockholders' Equity	6,523.5	6,175.3
Noncontrolling interest in consolidated subsidiaries	946.2	—
Total Equity	7,469.7	6,175.3
Long-term debt, excluding amounts due within one year	7,957.9	8,155.9
Total Capitalization	15,427.6	14,331.2
Current Liabilities		
Current portion of long-term debt	462.7	266.6
Short-term borrowings	314.0	1,576.9
Accounts payable	563.9	670.6
Dividends payable	82.4	—
Customer deposits and credits	172.6	294.3
Taxes accrued	287.1	266.7
Interest accrued	81.4	140.7
Overrecovered gas and fuel costs	172.3	45.6
Exchange gas payable	65.8	136.2
Deferred revenue	25.5	25.6
Regulatory liabilities	102.0	62.4
Accrued capital expenditures	80.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	25.4	24.2
Other accruals	317.1	378.1
Total Current Liabilities	2,758.4	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,803.5	3,661.6
Deferred investment tax credits	16.7	17.3
Deferred credits	105.5	101.1
Accrued liability for postretirement and postemployment benefits	653.7	675.9
Regulatory liabilities	1,678.6	1,673.8
Asset retirement obligations	160.9	159.4
Other noncurrent liabilities	294.0	291.1
Total Other Liabilities and Deferred Credits	6,712.9	6,580.2
Commitments and Contingencies (Refer to Note 16)	—	—
Total Capitalization and Liabilities	$ 24,898.9	$ 24,866.3

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Three Months Ended March 31, *(in millions)*	**2015**	2014
Operating Activities		
Net Income	**$ 275.3**	$ 266.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	**157.5**	148.7
Net changes in price risk management assets and liabilities	**(0.5)**	0.8
Deferred income taxes and investment tax credits	**135.1**	148.9
Deferred revenue	**5.3**	1.8
Stock compensation expense and 401(k) profit sharing contribution	**19.4**	13.9
Gain on sale of assets	**(5.0)**	(15.7)
Income from unconsolidated affiliates	**(14.5)**	(9.6)
Loss from discontinued operations - net of taxes	**—**	0.2
Amortization of debt related costs	**2.5**	2.4
AFUDC equity	**(6.0)**	(4.0)
Distributions of earnings received from equity investees	**18.3**	7.6
Changes in Assets and Liabilities		
Accounts receivable	**(93.8)**	(265.1)
Income tax receivable	**—**	0.9
Inventories	**297.2**	274.0
Accounts payable	**(84.2)**	126.5
Customer deposits and credits	**(121.7)**	(23.1)
Taxes accrued	**22.0**	19.3
Interest accrued	**(59.3)**	(61.1)
Over (Under) recovered gas and fuel costs	**133.2**	(74.2)
Exchange gas receivable/payable	**(84.3)**	(134.2)
Other accruals	**(60.3)**	(30.1)
Prepayments and other current assets	**(16.2)**	4.5
Regulatory assets/liabilities	**90.6**	2.9
Postretirement and postemployment benefits	**(21.6)**	(19.3)
Deferred credits	**5.8**	8.4
Deferred charges and other noncurrent assets	**5.2**	(0.2)
Other noncurrent liabilities	**4.3**	4.0
Net Operating Activities from Continuing Operations	**604.3**	394.4
Net Operating Activities from (used for) Discontinued Operations	**—**	(0.4)
Net Cash Flows from Operating Activities	**604.3**	394.0
Investing Activities		
Capital expenditures	**(407.5)**	(386.3)
Proceeds from disposition of assets	**11.7**	5.3
Restricted cash withdrawals (deposits)	**3.3**	(2.9)
Distributions from (contributions to) equity investees	**1.2**	(31.0)
Other investing activities	**2.4**	7.0
Net Cash Flows used for Investing Activities	**(388.9)**	(407.9)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	**1,168.4**	—
Repayments of long-term debt and capital lease obligations	**(8.0)**	(9.1)
Change in short-term borrowings, net	**(1,262.9)**	113.8
Issuance of common stock	[illegible]	[illegible]

Acquisition of treasury stock		(20.1)		(10.0)
Dividends paid - common stock		(82.1)		(78.5)
Net Cash Flows (used for) from Financing Activities		**(198.8)**		**25.1**
Change in cash and cash equivalents from continuing operations		16.6		11.6
Change in cash and cash equivalents from (used for) discontinued operations		—		(0.4)
Cash and cash equivalents at beginning of period		25.4		26.8
Cash and Cash Equivalents at End of Period	$	**42.0**	$	38.0

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2015	**$ 3.2**	**$ (58.9)**	**$ 4,787.6**	**$ 1,494.0**	**$ (50.6)**	**$ —**	**$ 6,175.3**
Comprehensive Income:							
Net Income	—	—	—	268.4	—	6.9	275.3
Other comprehensive income, net of tax	—	—	—	—	2.0	—	2.0
Allocation of AOCI to noncontrolling interest	—	—	—	—	2.0	(2.0)	—
Common stock dividends ($0.52 per share)	—	—	—	(164.9)	—	—	(164.9)
Treasury stock acquired	—	(20.1)	—	—	—	—	(20.1)
Issued:							
Common units of CPPL	—	—	—	—	—	1,168.4	1,168.4
Employee stock purchase plan	—	—	1.2	—	—	—	1.2
Long-term incentive plan	—	—	11.0	—	—	—	11.0
401(k) and profit sharing issuance	—	—	19.6	—	—	—	19.6
Dividend reinvestment plan	—	—	1.9	—	—	—	1.9
Sale of interest in Columbia OpCo to CPPL [(1)]	—	—	227.1	—	—	(227.1)	—
Balance as of March 31, 2015	**$ 3.2**	**$ (79.0)**	**$ 5,048.4**	**$ 1,597.5**	**$ (46.6)**	**$ 946.2**	**$ 7,469.7**

[(1)] Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the $1,168.4 million equity contribution.

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries, including CPPL (see Note 3).

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

Planned Separation of Columbia Pipeline Group

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur on July 1, 2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

2. Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

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

3. Columbia Pipeline Partners LP (CPPL)

On December 5, 2007, NiSource formed CPPL (the "Partnership") (NYSE: CPPL) to own, operate and develop a portfolio of pipelines, storage and related assets.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,168.4 million of net proceeds from the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership. As of March 31, 2015, the portion of CPPL owned by the public is reflected as a noncontrolling interest in the Condensed Consolidated Financial Statements (unaudited).

The table below summarizes the effects of the changes in NiSource's ownership interest in Columbia OpCo on equity:

(in millions)	**Three Months Ended March 31, 2015**
Net income attributable to NiSource	**268.4**
Increase in NiSource's paid-in capital for the sale of 8.4% of Columbia OpCo	**227.1**
Change from net income attributable to NiSource and transfers to noncontrolling interest	**495.5**

The Partnership maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares follows:

	Three Months Ended March 31,	
(in thousands)	**2015**	2014
Denominator		
Basic average common shares outstanding	**316,587**	314,222
Dilutive potential common shares:		
Stock options	**—**	59
Shares contingently issuable under employee stock plans	**335**	399
Shares restricted under stock plans	**468**	442
Diluted Average Common Shares	**317,390**	315,122

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

5. Gas in Storage

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of $25.3 million and zero as of March 31, 2015 and December 31, 2014 , respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the three months ended March 31, 2015 and 2014 are presented in the table below:

(in millions)	**2015**	2014
Balance as of January 1,	**$ 159.4**	$ 174.4
Accretion expense	**0.4**	0.4
Accretion recorded as a regulatory asset/liability	**1.9**	2.1
Additions	**—**	0.1
Settlements	**(0.7)**	(0.5)
Change in estimated cash flows	**(0.1)**	—
Balance as of March 31,	**$ 160.9**	$ 176.5

7. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by $24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of $46.2 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds $197.0 million in 2015 and $211.0 million in 2016 as well as costs to train and comply with pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief includes the recovery of costs that are projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. New rates are expected to go into effect during the fourth quarter of 2015.

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately $49.0 million , is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. An order in the proceeding is expected on February 29, 2016 with new rates effective March 1, 2016.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million , which includes $6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding, including the Staff of the VSCC and the Division of Consumer Counsel of the Office of the Attorney General of the Commonwealth of Virginia. The Stipulation includes

ITEM 1. FINANCIAL STATEMENTS (continued)

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

a base revenue increase of $25.2 million , recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015, the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation. On March 30, 2015, the VSCC issued an Order Remanding for Further Action. In the Order, the VSCC found the revenue increase of $25.2 million and apportionment of that increase between rate classes contained in the Stipulation reasonable. However, the VSCC remanded back to the Hearing Examiner for further proceedings the manner in which fixed costs are to be assigned to the fixed customer charges of each rate class.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such tracking mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expense. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

NIPSCO has approval from the IURC to recover certain costs for gas transmission, distribution and storage system improvements. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included $43.3 million of net capital expenditures for the period ended December 31, 2014.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately $300.0 million in modernization investments during 2015. Recovery of approximately $320.0 million of investments made in 2014 began on February 1, 2015.

Cost Recovery Trackers. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, operational purchases and sales of natural gas, and the revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system as discussed above.

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

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for a 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance. For the three months ended March 31, 2015 and 2014, revenue of $5.3 million and $2.1 million , respectively, was recorded.

On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC's February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an Order concluding that the IURC erred in approving NIPSCO's seven-year plan given its lack of detail regarding the projects for years two through seven. The Court then remanded the decision to the IURC. The April 8, 2015 Order is final after the expiration of 30 days if no parties petition for transfer to the Supreme Court. However, if a party petitions for transfer to the Supreme Court, the Order is not final until completion of the appellate process. NIPSCO is reviewing this decision and evaluating its options and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On April 22, 2015, the IURC issued an order on ECR-25 approving NIPSCO's request to begin earning a return on $734.1 million of net capital expenditures for the period ended December 31, 2014. The order also approved a revised capital cost estimate of $264.8 million for its Phase III multi-pollutant compliance plan projects related to the Unit 12 FGD, an increase from the previous IURC approved cost estimate of $246.3 million .

NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014. On February 26, 2015, NIPSCO filed electric TDSIC-2 which included $62.3 million of net capital expenditures for the period ended December 31, 2014. See further discussion regarding the electric TDSIC above.

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

8. 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 NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2015 and December 31, 2014 :

Recurring Fair Value Measurements March 31, 2015 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ —	$ —	$ 0.2	$ 0.2
Available-for-sale securities	30.5	100.9	—	131.4
Total	**$ 30.5**	**$ 100.9**	**$ 0.2**	**$ 131.6**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 9.3	$ —	$ —	$ 9.3
Total	**$ 9.3**	**$ —**	**$ —**	**$ 9.3**

Recurring Fair Value Measurements December 31, 2014 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.1	$ —	$ —	$ 0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	**$ 28.5**	**$ 103.5**	**$ —**	**$ 132.0**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 14.2	$ —	$ 0.1	$ 14.3
Total	**$ 14.2**	**$ —**	**$ 0.1**	**$ 14.3**

Price risk management assets and liabilities primarily include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2015 and December

31, 2014 , 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 NiSource's financial instruments.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at March 31, 2015 and December 31, 2014 were:

March 31, 2015 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 32.5	$ 0.6	$ —	$ 33.1
Corporate/Other bonds	97.0	1.5	(0.2)	98.3
Total Available-for-sale debt securities	**$ 129.5**	**$ 2.1**	**$ (0.2)**	**$ 131.4**

December 31, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.8	$ 0.3	$ (0.2)	$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total Available-for-sale debt securities	**$ 131.4**	**$ 1.3**	**$ (0.8)**	**$ 131.9**

For the three months ended March 31, 2015 and 2014 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and $0.1 million , respectively. For the three months ended March 31, 2015 and 2014 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was zero and $0.1 million , respectively.

The cost of maturities sold is based upon specific identification. At March 31, 2015 , approximately $4.5 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At March 31, 2015 , approximately $5.0 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2015 and 2014 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2015 .

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. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the three months ended March 31, 2015 and 2014 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of March 31, 2015**	**Estimated Fair Value as of March 31, 2015**	Carrying Amount as of Dec. 31, 2014	Estimated Fair Value as of Dec. 31, 2014
Long-term debt (including current portion)	**$ 8,420.6**	**$ 9,637.7**	$ 8,422.5	$ 9,505.7

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the purchasers 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 sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. T his agreement was last renewed on October 17, 2014; the current agreement expires on October 16, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $240 million . As of March 31, 2015 , no accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 27, 2014; the current agreement expires on August 26, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is $200 million . As of March 31, 2015 , $200.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is $75 million . As of March 31, 2015 , $75.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2015 and December 31, 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**March 31, 2015**	December 31, 2014
Gross Receivables	$ **755.1**	$ 611.7
Less: Receivables not transferred	**480.1**	327.4
Net receivables transferred	$ **275.0**	$ 284.3
Short-term debt due to asset securitization	$ **275.0**	$ 284.3

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

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the first quarter of 2015.

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2015 and 2014 were 35.4% and 37.9% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The decrease in the three month effective tax rate of 2.5% in 2015 versus 2014 is primarily due to the impact of the Indiana rate change in 2014.

There were no material changes recorded in 2015 to NiSource's uncertain tax positions as of December 31, 2014 .

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides 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 NiSource. 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.

For the three months ended March 31, 2015 , NiSource has contributed $0.7 million to its pension plans and $8.7 million to its other postretirement benefit plans.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following tables provide the components of the plans' net periodic benefits cost for the three months ended March 31, 2015 and 2014 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, *(in millions)*	**2015**	2014	**2015**	2014
Components of Net Periodic Benefit Cost				
Service cost	**$ 9.5**	$ 8.7	**$ 1.8**	$ 2.3
Interest cost	**25.2**	27.3	**6.8**	8.2
Expected return on assets	**(46.2)**	(45.3)	**(9.3)**	(9.1)
Amortization of prior service credit	**(0.1)**	—	**(1.4)**	(0.6)
Recognized actuarial loss	**15.9**	11.9	**1.1**	—
Total Net Periodic Benefit Cost (Credit)	**$ 4.3**	$ 2.6	**$ (1.0)**	$ 0.8

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $5.6 million and $5.4 million for the three months ended March 31, 2015 and 2014 , respectively.

14. Short-Term Borrowings

NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2015 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At March 31, 2015 , NiSource had $39.0 million of commercial paper outstanding.

As of March 31, 2015 and December 31, 2014 , NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were under the revolving credit facility.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

CPPL maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $275.0 million and $284.3 million as of March 31, 2015 and December 31, 2014 , respectively. Refer to Note 9 for additional information.

(in millions)		**March 31, 2015**		December 31, 2014
Commercial Paper weighted average interest rate of 0.96% and 0.82% at March 31, 2015 and December 31, 2014, respectively	**$**	**39.0**	$	792.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014		**—**		500.0
Accounts receivable securitization facility borrowings		**275.0**		284.3
Total Short-Term Borrowings	**$**	**314.0**	$	1,576.9

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

15. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") or the Director Stock Incentive Plan ("Director Plan"), that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At March 31, 2015 , there were 5,785,224 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $11.2 million and $5.3 million for the three months ended March 31, 2015 and 2014 , respectively, as well as related tax benefits of $4.0 million and $2.0 million , respectively.

As of March 31, 2015 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $35.8 million , which will be amortized over the weighted-average remaining requisite service period of 2.3 years .

Restricted Stock Units and Restricted Stock. During the three months ended March 31, 2015 , NiSource granted 486,523 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was $19.4 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of March 31, 2015 , 723,406 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended March 31, 2015 and 2014 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $8.2 million and $8.5 million , respectively.

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

16. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain 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. 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. The total guarantees and indemnities in existence at March 31, 2015 and the years in which they expire were:

(in millions)	Total	2015	2016	2017	2018	2019	After
Guarantees of subsidiaries debt	$ 7,960.5	$ 230.0	$ 616.5	$ 1,257.0	$ 800.0	$ 500.0	$ 4,557.0
Accounts receivable securitization	275.0	275.0	—	—	—	—	—
Lines of credit	39.0	39.0	—	—	—	—	—
Letters of credit	30.9	30.9	—	—	—	—	—
Other guarantees	146.8	26.1	3.4	—	—	1.7	115.6
Total commercial commitments	$ 8,452.2	$ 601.0	$ 619.9	$ 1,257.0	$ 800.0	$ 501.7	$ 4,672.6

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $7,960.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement for Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding unregistered medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2015 , NiSource had no borrowings under its five-year revolving credit facility, $39.0 million in commercial paper outstanding and $275.0 million outstanding under its accounts receivable securitization agreements. At March 31, 2015 , NiSource had issued stand-by letters of credit of approximately $30.9 million for the benefit of third parties. See Note 14 for additional information.

CPPL maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

Other Guarantees or Obligations. NiSource has purchase and sales agreement guarantees totaling $25.6 million , which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sale agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership interest in Millennium) of the debt service reserve account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of March 31, 2015 .

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

ITEM 1. FINANCIAL STATEMENTS (continued)

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

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

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

As of March 31, 2015 and December 31, 2014 , NiSource had recorded an accrual of approximately $128.3 million and $128.4 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for 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 cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric utility generating units under section 111 (d) of the Clean Air Act. The proposed rule establishes state-specific CO_2 emission rate goals, applied to the state's fleet of fossil-fuel fired electric generating units, and requires each state to submit a plan indicating how the state will meet the EPA's emission rate goal, including possibly imposing reduction obligations on specific units. Final CO_2 emission rate standards are expected to be set by the EPA by midsummer 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On November 25, 2014, the EPA proposed to lower the 8-hour ozone standard from 75 ppb to within a range of 65-70 ppb. If the standard is finalized and the EPA proceeds with designations, areas where NiSource operates currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Waste
NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 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.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was $120.3 million and $121.5 million at March 31, 2015 and December 31, 2014 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 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.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air
NIPSCO is subject to a number of air-quality mandates in the next several years. These mandates required NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $870 million , of which approximately $107.3 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. NIPSCO's affected units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension.

Water
On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO is currently evaluating these options and cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Waste
On April 17, 2015, the EPA released a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. It will require increased groundwater monitoring, reporting, recordkeeping, and posting related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. NIPSCO will have to modify its infrastructure and management of CCRs under this rule. The rule will allow NIPSCO to continue its byproduct beneficial use program. NIPSCO is currently evaluating the rule and cannot estimate the cost of compliance at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

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

17. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three months ended March 31, 2015 and 2014 :

Three Months Ended March 31, 2015 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2015	$ 0.3	$ (23.6)	$ (27.3)	$ (50.6)
Other comprehensive income before reclassifications	1.0	—	—	1.0
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.9	0.2	1.0
Net current-period other comprehensive income	0.9	0.9	0.2	2.0
Allocation of AOCI to noncontrolling interest	$ —	$ 2.0	$ —	$ 2.0
Balance as of March 31, 2015	**$ 1.2**	**$ (20.7)**	**$ (27.1)**	**$ (46.6)**

Three Months Ended March 31, 2014 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2014	$ (0.3)	$ (25.8)	$ (17.5)	$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	—	0.6
Amounts reclassified from accumulated other comprehensive income	(0.2)	0.5	0.2	0.5
Net current-period other comprehensive income	0.3	0.6	0.2	1.1
Balance as of March 31, 2014	**$ —**	**$ (25.2)**	**$ (17.3)**	**$ (42.5)**

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

Equity Investment
As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at March 31, 2015 of $14.2 million , net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $14.2 million and $16.6 million at March 31, 2015 and December 31, 2014 , respectively, is included in gains and losses on cash flow hedges above.

18. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At March 31, 2015 , NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

	Three Months Ended March 31,	
(in millions)	**2015**	2014
Revenues		
Gas Distribution Operations		
Unaffiliated	**$ 1,456.2**	$ 1,565.4
Intersegment	**0.1**	0.2
Total	**1,456.3**	1,565.6
Columbia Pipeline Group Operations		
Unaffiliated	**297.4**	303.2
Intersegment	**42.4**	42.4
Total	**339.8**	345.6
Electric Operations		
Unaffiliated	**395.6**	450.2
Intersegment	**0.2**	0.2
Total	**395.8**	450.4
Corporate and Other		
Unaffiliated	**0.5**	1.7
Intersegment	**129.9**	126.8
Total	**130.4**	128.5
Eliminations	**(172.6)**	(169.6)
Consolidated Gross Revenues	**$ 2,149.7**	$ 2,320.5
Operating Income (Loss)		
Gas Distribution Operations	**$ 325.2**	$ 301.8
Columbia Pipeline Group Operations	**163.0**	158.9
Electric Operations	**70.0**	78.9
Corporate and Other (1)	**(28.1)**	(5.9)
Consolidated Operating Income	**$ 530.1**	$ 533.7

(1) Primarily comprised of costs associated with the Proposed Separation.

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

19. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the three months ended March 31, 2015 and 2014 :

	Three Months Ended March 31,	
(in millions)	**2015**	2014
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 189.3**	$ 131.4
Assets acquired under a capital lease	**4.8**	51.6
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	**$ 167.7**	$ 167.7
Cash paid for income taxes	**4.3**	6.8

Table of Contents

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

NiSource Inc.

Note regarding forward-looking statements
The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Proposed Separation and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the Proposed Separation; the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed Separation, the inability of one or more of the businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's 2014 Form 10-K and this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

CONSOLIDATED REVIEW

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource (the "Company") announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur on July 1, 2015.

Under the plan for the Proposed Separation, NiSource stockholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its stockholders for U.S. federal income tax purposes.

The Proposed Separation is subject to various conditions, including, without limitation, the receipt by NiSource of a legal opinion on the tax-free nature of the distribution and final approval of the NiSource Board of Directors. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed on July 1, 2015 or at all.

In addition, prior to the Proposed Separation, CPG expects to issue its own long-term notes and use the proceeds from that offering to repay intercompany debt and pay a special dividend to NiSource, which plans to use the special dividend to reduce its net debt prior to the Proposed Separation.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received $1,168.4 million of net proceeds from the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership.

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the three months ended March 31, 2015 , net income attributable to NiSource was $268.4 million , or $0.85 per basic share, compared to $266.2 million , or $0.85 per basic share reported for the same period in 2014.

The increase in net income attributable to NiSource was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by $33.2 million primarily due to the impacts of the rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for more information.
- Demand margin revenue increased by $30.7 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

These increases in net income attributable to NiSource were partially offset by the following:

- Outside service costs increased by $26.2 million primarily due to costs associated with the Proposed Separation.
- Employee and administrative expense increased by $20.4 million due primarily to greater labor expense due to a growing workforce.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth
NiSource's business plan will continue to center on commercial and regulatory initiatives, commercial growth and expansion of the gas transmission and storage business, and financial management of the balance sheet.

Commercial and Regulatory Initiatives
NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the first quarter, while executing on significant environmental investments.

Table of Contents

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

NiSource Inc.

- NIPSCO remains on schedule and on budget with its FGD unit at its Michigan City Generating Station. The approximately \$264.8 million project is expected to be placed in service by the end of 2015 along with an additional \$80 million in environmental investments at NIPSCO's coal-fired generating facilities. These investments, supported with cost recovery, help improve air quality and ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. These investments also help ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The Greentown-Reynolds project is a 70-mile, 765-kV line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kV line. Right-of-way acquisition and permitting are under way for both projects and construction has begun on the Reynolds-Topeka line. The projects involve a NIPSCO investment of approximately \$500 million and are anticipated to be in service by the end of 2018.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement and advance their regulatory agenda.

- On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by \$46.2 million. New rates are expected to go into effect during the fourth quarter of 2015.

- On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately \$49.0 million, is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight and recovery of associated increased operations and maintenance costs. An order in the proceeding is expected on February 29, 2016 with new rates effective March 1, 2016.

- Columbia of Virginia's base rate case remains pending with the VSCC. The case is expected to provide a base rate increase of \$25.2 million, including recovery of pipeline safety program costs.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately \$300 million in modernization investments during 2015. Recovery of approximately \$320 million of investments made in 2014 began on February 1, 2015. A settlement with the company's customers, approved in early 2013, addresses the initial five years of an expected 10 to 15 year program that is expected to exceed \$4 billion in investment.

- Columbia Pipeline Group Operations segment's East Side Expansion project will be placed in service in the fourth quarter of 2015. The \$275 million project will provide up to 312,000 Dth/d of additional capacity for Marcellus Shale supplies to reach growing and capacity constrained northeastern and mid-Atlantic markets.

- Progress continues on several other major growth projects, including Columbia Pipeline Group Operations' approximately \$1.8 billion combined investment in the Leach and Rayne XPress projects, the approximate \$850 million WB XPress project, the \$310 million Cameron Access project, the \$50 million Utica Access project, the \$33 million Chesapeake LNG project, and the \$24 million Kentucky Power Plant project. Together these projects will entail approximately 4 billion cubic feet of new capacity commitments across the Columbia Pipeline Group Operations' system, including access to LNG export facilities in Louisiana and Maryland.

Table of Contents

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

NiSource Inc.

- NiSource Midstream also is on budget and schedule with the first phase of its $120 million Washington County Gathering project and its approximately $65 million Big Pine Expansion project. Both are expected to be in service in the third quarter of 2015.

Financial Management of the Balance Sheet
On March 30, 2015, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB- and the commercial paper rating of A-3. Standard & Poor's outlook for NiSource and all of its subsidiaries is Watch Positive.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests. See additional information at the beginning of this section.

CPPL maintains a $500.0 million revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

In preparation for the Planned Separation, the debt recapitalization process is expected to begin during the second quarter of 2015 and will include CPG issuing its own long-term debt prior to the separation to fund a one-time cash distribution to NiSource, which is to be used, in large part, to reduce NiSource's net debt.

Ethics and Controls
NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations
Quarter Ended March 31, 2015

Net Income Attributable to NiSource
NiSource reported net income of $268.4 million , or $0.85 per basic share, for the three months ended March 31, 2015 , compared to net income of $266.2 million , or $0.85 per basic share, for the first quarter of 2014 . Income from continuing operations was $268.4 million , or $0.85 per basic share, for the three months ended March 31, 2015 , compared to income from continuing operations of $266.4 million , or $0.85 per basic share, for the first quarter of 2014 . Operating income was $530.1 million , a decrease of $3.6 million from the same period in 2014 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at March 31, 2015 were 316.6 million compared to 314.2 million at March 31, 2014 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended March 31, 2015 , were $1,343.7 million , an $84.5 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of $91.1 million, offset by a decrease in Columbia Pipeline Group Operations' net revenues of $5.8 million.

- Gas Distribution Operations' net revenues increased due primarily to an increase in regulatory and tax trackers, which are offset in expense, of $50.6 million and an increase of $33.2 million for regulatory and service programs, including the impacts of rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was higher revenue of $5.3 million resulting from the prior year reduction in revenue from NIPSCO's GCIM.

These increases to net revenues were partially offset by the following:

- Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of \$27.4 million and other miscellaneous decreases of \$9.1 million. These decreases were partially offset by increased demand margin revenue of \$30.7 million as a result of growth projects placed in service and new firm contracts.

Operating Expenses
Operating expenses for the first quarter of 2015 were \$829.0 million , an increase of \$93.7 million from the 2014 period. This increase was primarily due to higher operation and maintenance expenses of \$72.9 million, increased depreciation and amortization of \$8.8 and a decrease in the gain on the sale of assets of \$10.7 million. The increase in operation and maintenance expenses was primarily due to increased outside service costs of \$26.2 million, higher regulatory trackers, which are offset in net revenues, of \$24.7 million and increased employee and administrative costs of \$20.4 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The decrease in the gain on the sale of assets primarily resulted from lower gains on conveyance of mineral interests of \$12.2 million.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were \$15.4 million during the first quarter of 2015 compared to \$9.8 million for the first quarter of 2014 . Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service and higher earnings at Pennant as a result of the joint venture projects going fully in-service.

Other Income (Deductions)
Other Income (Deductions) reduced income by \$103.9 million in the first quarter of 2015 compared to a reduction in income of \$104.6 million in the prior year.

Income Taxes
Income tax expense for the quarter ended March 31, 2015 was \$150.9 million compared to \$162.7 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended March 31, 2015 and 2014 were 35.4% and 37.9% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The decrease in the three month effective tax rate of 2.5% in 2015 versus 2014 is primarily due to the impact of the Indiana rate change in 2014. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2015 .

Operating Activities
Net cash from operating activities for the three months ended March 31, 2015 was \$604.3 million , an increase of \$210.3 million compared to the three months ended March 31, 2014 . The increase in net cash from operating activities was primarily due to an increase in overrecovered gas and fuel costs and accounts receivable working capital accounts as a result of lower gas prices and warmer weather in the first quarter of 2015 compared to the same period in 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$3.5 million to its pension plans and approximately \$34.8 million to its other postretirement benefit plans in 2015 , which could change depending on market conditions. For the three months ended March 31, 2015 , NiSource has contributed \$0.7 million to its pension plans and \$8.7 million to its other postretirement benefit plans.

Table of Contents

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

NiSource Inc.

Investing Activities

NiSource's capital expenditures for the three months ended March 31, 2015 were $407.5 million , compared to $386.3 million for the comparable period in 2014 . This increased spending is mainly due to higher spending in the Columbia Pipeline Group Operations segment on various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under the modernization program. NiSource projects 2015 capital expenditures to be approximately $2.4 billion .

Restricted cash was $21.6 million and $24.9 million as of March 31, 2015 and December 31, 2014 , respectively.

Contributions to equity investees decreased $32.2 million primarily due to no contributions being made to Pennant during the first quarter of 2015 as a result of the joint venture projects going fully in-service.

Financing Activities

Columbia Pipeline Partners LP. CPPL received net proceeds of $1,168.4 million from its IPO completed on February 11, 2015.

Credit Facilities. NiSource Finance currently maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. In December 2014, with an effective date pending the Proposed Separation of NiSource and CPG, NiSource Finance revised the $2.0 billion revolver to $1.5 billion and extended the termination date to the fifth anniversary of the effective date. Contemporaneous with the revision to NiSource Finance's revolving credit facility, revolving credit facilities were established for CPG and CPPL in the amount of $1.5 billion and $500 million, respectively.
As of March 31, 2015, NiSource has deferred $8.8 million of debt issuance costs related to the establishment of the CPG and CPPL credit facilities and the revision of the NiSource Finance facility.

The $1.5 billion CPG credit facility will be effective with the Proposed Separation.

CPPL's $500 million revolving credit facility, of which $50 million will be available for issuance of letters of credit, became effective upon the closing of the IPO. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility, which expires in September 2018. The aforementioned pending revolver amendment for NiSource Finance and pending revolver for CPG are expected to support commercial paper borrowings of $1.5 billion each. CPPL is not expected to issue commercial paper.

NiSource Finance had no borrowings outstanding under its revolving credit facility at March 31, 2015 and $500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had $39.0 million in commercial paper outstanding at March 31, 2015 , at a weighted average interest rate of 0.96% and $792.6 million in commercial paper outstanding at December 31, 2014 , at a weighted average interest rate of 0.82% .

As of March 31, 2015 and December 31, 2014 , NiSource had $275.0 million and $284.3 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of March 31, 2015 and December 31, 2014, NiSource had $30.9 million of stand-by letters of credit outstanding of which $14.7 million were under the revolving credit facility.

As of March 31, 2015 , an aggregate of $1,946.3 million of credit was available under the credit facility.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2015 , the ratio was 53.9%.

NiSource is 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 NiSource's assets, generally exempting liens on utility assets, purchase

Table of Contents

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

NiSource Inc.

money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. 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 NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

CPPL's revolving credit facility contains various covenants and restrictive provisions which, among other things, limit CPPL's and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of their assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness, each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPPL's organizational documents. If CPPL fails to perform its obligations under these and other covenants, the revolving credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the revolving credit facility could be declared immediately due and payable. The CPPL revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness CPPL may have with an outstanding principal amount in excess of $50 million.

CPPL's revolving credit facility also contains certain negative financial covenants that will require CPPL (a) to maintain a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the test period ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in CPPL's revolving credit facility), then the leverage ratio may not exceed 5.50 to 1.00 and (b) until CPG has received an investment grade rating, to maintain a Consolidated Interest Coverage Ratio (as defined in the MLP revolving credit facility) of no less than 3.00 to 1.00.

A breach by CPPL of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against CPPL or any guarantor, including NiSource.

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers 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 sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On March 30, 2015, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB- and the commercial paper rating of A-3. Standard & Poor's outlook for NiSource and all of its subsidiaries is Watch Positive. On September 29, 2014, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $39.7 million as of March 31, 2015. 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.

Contractual Obligations. There were no material changes recorded during the three months ended March 31, 2015 to NiSource's contractual obligations as of December 31, 2014 .

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's 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 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, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of March 31, 2015 and December 31, 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loans, 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 $4.9 million for the three months ended March 31, 2015 and $3.7 million for the three months ended March 31, 2014 .

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk 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 NiSource 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.

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

Table of Contents

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain 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.

NiSource has purchase and sales agreement guarantees totaling $25.6 million , which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 16-A, "Other Commitments and Guarantees - Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended March 31, 2015 .

Recently Issued Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* . ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

Table of Contents

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

NiSource Inc.
Gas Distribution Operations

	Three Months Ended March 31,	
(in millions)	**2015**	2014
Net Revenues		
Sales revenues	**$ 1,456.3**	$ 1,565.6
Less: Cost of gas sold (excluding depreciation and amortization)	**722.6**	923.0
Net Revenues	**733.7**	642.6
Operating Expenses		
Operation and maintenance	**291.8**	228.8
Depreciation and amortization	**56.1**	52.2
Other taxes	**60.6**	59.8
Total Operating Expenses	**408.5**	340.8
Operating Income	**$ 325.2**	$ 301.8
Revenues ($ in millions)		
Residential	**$ 1,014.9**	$ 1,005.8
Commercial	**369.4**	366.3
Industrial	**88.0**	84.3
Off System	**38.8**	71.9
Other	**(54.8)**	37.3
Total	**$ 1,456.3**	$ 1,565.6
Sales and Transportation (MMDth)		
Residential	**153.1**	156.5
Commercial	**88.7**	90.1
Industrial	**146.8**	136.8
Off System	**13.5**	14.3
Other	**—**	0.2
Total	**402.1**	397.9
Heating Degree Days	**3,404**	3,437
Normal Heating Degree Days	**2,892**	2,892
% Colder than Normal	**18%**	19%
Customers		
Residential	**3,111,880**	3,094,353
Commercial	**284,081**	283,000
Industrial	**7,641**	7,570
Other	**15**	20
Total	**3,403,617**	3,384,943

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 73% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential and commercial usage for the three months ended March 31, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of March 31, 2015 , reserves have been recorded to cover probable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the first quarter of 2015 was 18% colder than normal and 1% warmer than the first quarter in 2014 .

Throughput

Total volumes sold and transported of 402.1 million MMDth for the first quarter of 2015 increased by 4.2 MMDth from the same period last year. This 1.1% increase in volumes was primarily attributable to higher industrial throughput.

Net Revenues

Net revenues for the first quarter of 2015 were $733.7 million, an increase of $91.1 million from the same period in 2014 . The increase in net revenues is due primarily to an increase in regulatory and tax trackers, which are offset in expense, of $50.6 million and an increase of $33.2 million for regulatory and service programs, including the impacts of rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was higher revenue of $5.3 million resulting from the prior year reduction in revenue from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2015 was a revenue decrease of $63.6 million compared to a revenue increase of $31.5 million for the three months ended March 31, 2014 .

Table of Contents

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

NiSource Inc.
Gas Distribution Operations

Operating Income

For the first quarter of 2015 , Gas Distribution Operations reported operating income of $325.2 million, an increase of $23.4 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $67.7 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $50.6 million, higher employee and administrative expenses of $6.6 million, increased depreciation of $3.9 million, and higher outside service costs of $3.8 million.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

	Three Months Ended March 31,	
(in millions)	**2015**	2014
Net Revenues		
Transportation revenues	**$ 251.1**	$ 222.3
Storage revenues	**50.0**	49.9
Other revenues	**38.7**	73.4
Total Sales Revenues	**339.8**	345.6
Less: Cost of sales (excluding depreciation and amortization)	**0.1**	0.1
Net Revenues	**339.7**	345.5
Operating Expenses		
Operation and maintenance	**145.8**	165.7
Depreciation and amortization	**32.5**	29.7
Gain on sale of assets	**(5.3)**	(17.5)
Other taxes	**19.1**	18.5
Total Operating Expenses	**192.1**	196.4
Equity Earnings in Unconsolidated Affiliates	**15.4**	9.8
Operating Income	**$ 163.0**	$ 158.9
Throughput (MMDth)		
Columbia Transmission	**497.3**	459.5
Columbia Gulf	**145.7**	184.9
Crossroads Pipeline	**5.1**	5.7
Intrasegment eliminations	**(28.7)**	(61.6)
Total	**619.4**	588.5

NiSource's Columbia Pipeline Group Operations subsidiaries own and operate approximately 15,000 miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of operationally storing approximately 622 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Columbia Midstream and Crossroads Pipeline, NiSource owns and operates an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia.

Columbia Pipeline Group Operations' most significant projects are as follows:

West Side Expansion (Columbia Gulf-Bi-Directional). The Columbia Pipeline Group Operations segment invested approximately $113 million in system modifications and horsepower to provide a firm backhaul transportation path from the Leach, Kentucky interconnect with Columbia Transmission to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 540,000 Dth/d to transport Marcellus production originating in West Virginia. The project is supported by long-term firm contracts and was placed in service in the fourth quarter of 2014. The Alexandria Compression portion of Columbia Gulf's West Side Expansion (approximately $75 million in capital costs) will be placed in service in the third quarter of 2015.

Chesapeake LNG . The project involves the investment of approximately $33 million to replace 120,000 Dth/d of existing LNG peak shaving facilities nearing the end of their useful lives. This project is expected to be placed in service in the second quarter of 2015.

Big Pine Expansion . The Columbia Pipeline Group Operations segment is investing approximately $65 million to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The additional approximately 10-mile, 20-inch pipeline and compression facilities will support Marcellus shale production in western Pennsylvania. Approximately 50% of the increased capacity generated by the project is supported by a long-term, fee-based agreement with a regional producer, with the remaining capacity expected to be sold to other area producers in the near term. This project is expected to be placed in service by the third quarter of 2015.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

East Side Expansion . The Columbia Pipeline Group Operations segment has received FERC authorization to construct facilities for this project, which will provide access for production from the Marcellus shale to the northeastern and mid-Atlantic markets. Supported by long-term firm contracts, the project will add up to 312,000 Dth/d of capacity and is expected to be placed in service in the fourth quarter of 2015. The Columbia Pipeline Group Operations segment plans to invest up to approximately $275 million in this project.

Washington County Gathering . A large producer has contracted with the Columbia Pipeline Group Operations segment to build an approximately 20-mile dry gas gathering system consisting of 8-inch, 12-inch, and 16-inch pipelines, a 20-inch lateral, as well as compression, measurement and dehydration facilities. The Columbia Pipeline Group Operations segment expects to invest approximately $120 million beginning in 2014 through 2018 and expects to commence construction in early 2015. The initial wells are expected to come on-line in the third quarter of 2015. The project is supported with minimum volume commitments and further enhances Columbia Midstream's relationship with a producer that has a large Marcellus acreage position.

Kentucky Power Plant Project . The Columbia Pipeline Group Operations segment expects to invest approximately $24 million to construct 2.7 miles of 16-inch greenfield pipeline and other facilities to a third-party power plant from Columbia Transmission's Line P. This project will provide up to 72,000 Dth/d of new firm service, is supported by a long-term firm contract, and will be placed in service in the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment intends to invest approximately $50 million to construct 4.7 miles of 24-inch greenfield pipeline to provide 205,000 Dth/d of new firm service to allow Utica production access to liquid trading points on our system. This project is expected to be in service in the fourth quarter of 2016. The Columbia Pipeline Group Operations segment has secured firm contracts for the full delivery volume.

Leach XPress . The Columbia Pipeline Group Operations segment finalized agreements for the installation of approximately 124 miles of 36-inch pipeline from Majorsville to the Crawford compressor station ("Crawford CS") located on the Columbia Transmission system, 27 miles of 36-inch pipeline from Crawford CS to the McArthur compressor station located on the Columbia Transmission system, and approximately 101,700 horsepower across multiple sites to provide approximately 1.5 MMDth/d of capacity out of the Marcellus and Utica production regions to the Leach compressor station ("Leach CS") located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. Virtually all of the project's capacity has been secured with long-term firm contracts. The Columbia Pipeline Group Operations segment expects the project to go in service in the fourth quarter of 2017 and will invest approximately $1.4 billion in this project.

Rayne XPress. This project would transport approximately 1 MMDth/d of growing southwest Marcellus and Utica production away from constrained production areas to markets and liquid transaction points. Capable of receiving gas from Columbia Transmission's Leach XPress project, gas would be transported from the Leach, Kentucky interconnect with Columbia Transmission in a southerly direction towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. The project also includes the creation of a new compressor station. The Columbia Pipeline Group Operations segment has secured definitive agreements for firm service for the project's capacity and expects the project to be placed in service in the fourth quarter of 2017. The Columbia Pipeline Group Operations segment expects to invest approximately $383 million on the Rayne XPress project to modify existing facilities and to add new compression.

Cameron Access Project. The Columbia Pipeline Group Operations segment is investing approximately $310 million in an 800,000 Dth/d expansion of the Columbia Gulf system through improvements to existing pipeline and compression facilities, a new state-of-the-art compressor station near Lake Arthur, Louisiana, and the installation of a new 26-mile pipeline in Cameron Parish to provide for a direct connection to the Cameron LNG Terminal. The Columbia Pipeline Group Operations segment expects the project to be placed in service in the first quarter of 2018 and has secured long-term firm contracts for approximately 90% of the increased volumes.

WB XPress . The Columbia Pipeline Group Operations segment expects to invest approximately $850 million in this project to expand the WB system through looping and added compression in order to transport approximately 1.3 MMDth/d of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. The Columbia Pipeline Group Operations segment expects this project to be placed in service in the fourth quarter of 2018.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

Equity Investments

Pennant. Columbia Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. Columbia Midstream and Hilcorp jointly own Pennant with Columbia Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

During the first quarter of 2015 and 2014 , Columbia Midstream made contributions of zero and $28.4 million, respectively, to Pennant. Pennant distributed $1.2 million of earnings and returned $1.3 million of capital to Columbia Midstream during the three months ended March 31, 2015. No distributions were received from Pennant during the three months ended March 31, 2014.

Millennium. The Millennium system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of approximately 253 miles of natural gas transmission pipeline and three compressor stations with approximately 43,000 hp of installed capacity. Millennium transports an average of 1 Bcf/d of natural gas sourced from the Marcellus shale to markets across New York's Southern Tier and lower Hudson Valley, as well as to the New York City markets through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the first quarter of 2015 and 2014 , Columbia Transmission made contributions of zero and $2.6 million, respectively, to Millennium. Columbia Transmission received distributions of earnings of $16.6 million and $7.1 million for the three months ended March 31, 2015 and 2014, respectively.

Hardy Storage. The Hardy Storage facility is a FERC-regulated interstate natural gas storage system, which consists of 29 storage wells in a depleted gas production field in Hampshire and Hardy counties, West Virginia, 36.7 miles of pipeline and 7,100 hp of installed capacity. The facility interconnects with Columbia Transmission and has approximately 12 MMDth of working gas capacity and 176,000 Dth/d of withdrawal capacity. Columbia Transmission owns a 50% interest in Hardy Storage and acts as operator for the system. A third party, Piedmont Natural Gas Company, Inc., owns the remaining 50% interest in Hardy Storage.

During both the first quarter of 2015 and 2014 , NiSource received distributions of earnings of $0.5 million from Hardy Storage. NiSource made no contributions during the first quarter of 2015 or 2014.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Gas Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and tracker-related revenues. For the quarter ended March 31, 2015 , approximately 93.9% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.5% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.6% and 5.2%, respectively, for the quarter ended March 31, 2014 .

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets.

Table of Contents

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

NiSource Inc.
Columbia Pipeline Group Operations

For the quarters ended March 31, 2015 and 2014 , approximately 1.6% and 2.2%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters
Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of March 31, 2015 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput
Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, Midwestern, and southern states as well as the District of Columbia. Throughput for Columbia Gulf reflects transportation services for gas delivered through its mainline and laterals. Crossroads Pipeline's throughput comes from deliveries it makes to its customers and other pipelines that are located in northern Indiana and Ohio. Intersegment eliminations represent gas delivered to affiliated pipelines within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 619.4 MMDth for the first quarter of 2015 , compared to 588.5 MMDth for the same period in 2014 . The increase of 30.9 MMDth primarily reflected increased Marcellus and Utica natural gas production.

Net Revenues
Net revenues were $339.7 million for the first quarter of 2015 , a decrease of $5.8 million from the same period in 2014 . The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of $27.4 million and other miscellaneous decreases of $9.1 million. This decrease was partially offset by increased demand margin revenue of $30.7 million as a result of growth projects placed in service and new firm contracts.

Operating Income
Operating income was $163.0 million for the first quarter of 2015 , an increase of $4.1 million from the first quarter of 2014 . Operating income increased as a result of decreased operating expenses and higher equity earnings, partially offset by lower net revenues, as described above. Operating expenses were $4.3 million lower due to decreased regulatory trackers, which are offset in net revenues, of $27.4 million. This decrease in operating expenses was partially offset by lower gains on the sale of assets of $12.2 million primarily resulting from decreased gains on conveyances of mineral interests, higher employee and administrative expenses of $7.5 million and increased depreciation of $2.8 million. Equity Earnings increased $5.6 million due to increased earnings at Millennium attributable to growth projects placed in service and higher earnings at Pennant as a result of the joint venture projects going fully in-service.

Table of Contents

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

NiSource Inc.
Electric Operations

	Three Months Ended March 31,	
(in millions)	**2015**	2014
Net Revenues		
Sales revenues	**$ 395.8**	$ 450.4
Less: Cost of sales (excluding depreciation and amortization)	**125.7**	180.4
Net Revenues	**270.1**	270.0
Operating Expenses		
Operation and maintenance	**120.2**	112.5
Depreciation and amortization	**62.2**	60.4
Other taxes	**17.7**	18.2
Total Operating Expenses	**200.1**	191.1
Operating Income	**$ 70.0**	$ 78.9
Revenues ($ in millions)		
Residential	**$ 113.6**	$ 113.2
Commercial	**110.5**	106.2
Industrial	**175.0**	179.7
Wholesale	**6.3**	21.4
Other	**(9.6)**	29.9
Total	**$ 395.8**	$ 450.4
Sales (Gigawatt Hours)		
Residential	**865.8**	896.2
Commercial	**940.0**	935.5
Industrial	**2,425.4**	2,607.1
Wholesale	**116.9**	311.8
Other	**34.6**	33.4
Total	**4,382.7**	4,784.0
Electric Customers		
Residential	**403,409**	402,676
Commercial	**54,695**	54,378
Industrial	**2,354**	2,370
Wholesale	**747**	724
Other	**5**	5
Total	**461,210**	460,153

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 461 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Table of Contents

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

NiSource Inc.
Electric Operations

Environmental Matters
Currently, various environmental matters impact the Electric Operations segment. As of March 31, 2015 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements
On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Sales
Electric Operations sales quantities for the first quarter of 2015 were 4,382.7 gwh, a decrease of 401.3 gwh compared to the first quarter of 2014 . The 8.4% decrease is primarily attributable to decreases in sales for resale and industrial usage. The decrease in sales for resale was primarily attributable to increased opportunities for off-system sales during the first quarter of 2014 due to the cold weather. The decrease in industrial usage was primarily attributable to higher internal generation from large industrial customers during the first quarter of 2015.

Net Revenues
Net revenues were $270.1 million for the first quarter of 2015 , an increase of $0.1 million from the same period in 2014 . The increase in net revenues is due primarily to lower fuel handling costs of $3.5 million and higher net revenues of $3.2 million as a result of two electric transmission projects authorized by the MISO. Additionally, there were increased trackers, which are offset in expense, of $2.2 million and a higher return on the environmental capital investment recovery of $1.6 million due to an increased plant balance eligible for recovery. These increases were partially offset by lower off-system sales of $8.6 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2015 was a revenue decrease of $22.7 million compared to a revenue increase of $20.3 million for the three months ended March 31, 2014 .

Operating Income
For the first quarter of 2015 , Electric Operations reported operating income of $70.0 million, a decrease of $8.9 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses of $9.0 million due primarily to increased employee and administrative expenses of $3.0 million, higher environmental expenses of $2.3 million and increased trackers, which are offset in net revenues, of $2.2 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

Table of Contents

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

On March 6, 2015, Columbia Transmission and Pike County Conservation District executed a Consent Assessment of Civil Penalty to resolve the NOV issued on August 29, 2014 alleging violations of the Pennsylvania Clean Streams Law and Columbia Transmission's Erosion and Sediment Control General Permit in connection with Columbia Transmission's Line 1278 Replacement Project. Columbia Transmission paid $171,500 on March 13, 2015 to resolve the allegations of the NOV.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2014 Annual Report on Form 10-K filed on February 18, 2015.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Letter Agreement between NiSource Inc. and Donald Brown dated March 17, 2015. **
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document
**	Exhibit filed herewith.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

Table of Contents

SIGNATURE

NiSource Inc.

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

		NiSource Inc.
		(Registrant)
Date: April 30, 2015	By:	/s/ Joseph W. Mulpas
		Joseph W. Mulpas Vice President and Chief Accounting Officer (Principal Accounting Officer and Duly Authorized Officer)

Exhibit 10.1

March 17, 2015

Mr. Donald Brown
114 Edgefield Drive
Downingtown, PA 19335

Dear Donald:

On behalf of NiSource Inc., I am pleased to offer you employment as Executive Vice President Finance reporting to Joseph Hamrock, and Executive Vice President and Chief Financial Officer of NiSource, upon appointment by the NiSource Board. Speaking on behalf of our leadership team, we look forward to the contribution you will make to our organization. This letter does not constitute an offer of a contract of guaranteed employment; if you accept this offer, you will be an employee at will. The terms of the offer are as follows.

Position : You will join us as Executive Vice President Finance, beginning April 6, 2015. You will report to Joseph Hamrock. Your work location will be in Columbus, Ohio.

Compensation : Your annual base salary will be $450,000, payable monthly. Adjustments to base salary may be made periodically during your employment.

Benefits : While you are employed by NiSource Inc., or its subsidiaries (the "Company"), you will be entitled to participate in all benefit plans, including without limitation, any health, life and disability insurance plans, qualified and nonqualified retirement plans, or any other plan or benefit generally afforded to similarly situated executives of NiSource Inc.
Short-Term Incentive : Your annual incentive opportunity under our annual incentive plan will be based on a target of 60% of base salary, with a range of 25% to 95%. The payment of this short-term incentive is dependent upon Company performance, your own performance and your status as an employee in good standing. Actual payment may be greater than or less than the 60%, based on a combination of the stated factors. Annual incentive plans are determined each year based on business objectives and market conditions.

Signing Bonus : You will receive a signing bonus in the gross amount of $75,000. This signing bonus will be paid within 30 days of your start date. You agree to repay this signing bonus to the Company in the event you choose to leave the Company before April 6, 2016.

Long-Term Incentive : You will also have the opportunity to participate in a long-term incentive compensation program, under the 2010 Omnibus Incentive Plan, on the same basis as other senior executives of the Company. Subject to approval by the Officer Nomination and Compensation Committee of the Board, you will receive a long-term incentive grant for 2015 in the amount of $750,000. One hundred percent of the value of this award will be in restricted stock units, vesting in the first quarter of 2018.

Special Stock Grant: To compensate you for the loss of a portion of your incentive awards from your prior employer, you will also receive a grant of restricted stock units pursuant to the 2010 Omnibus Incentive Plan. The number of shares to be granted will be determined by dividing $510,000 by the fair market value of one common share of NiSource Inc. on the date of grant. Vesting of the restricted stock shall be based solely on the passage of time. The restricted stock shall vest 1/3 increment on the first anniversary of your employment, and the final 2/3 increment will vest on the second anniversary of your employment.

Relocation : As a member of our Senior Management Team, you will be eligible to participate in the NiSource Relocation Policy at the Tier III Managerial Level (the executive level). The effective date of your relocation will be determined at a later date.

Vacation : You will receive four weeks of paid vacation per year.

Change in Control : Subject to approval by the Officer Nomination and Compensation Committee of the Board, NiSource Inc. will enter into a Change in Control Agreement with you on substantially the same terms as other senior executives of the Company.

Severance: You will be eligible to participate in the NiSource Executive Severance Policy in the event your employment with the Company is terminated.

NiSource Policies . You are expected to familiarize yourself with and observe all Company policies. Following your acceptance of this offer and during the course of your employment with the Company, you will have access to confidential and proprietary information of the Company. You agree to maintain the confidentiality of such information, before, during and after your employment.

Dispute Resolution: Should there be any dispute as to the meaning or application of this letter, both parties agree to submit the dispute to nonbinding mediation at the Company's expense. In the event the parties are unable to resolve the dispute through mediation, they agree to submit the dispute to binding arbitration under the standard employment rules of the American Arbitration Association. This letter shall be construed in accordance with the laws of the State of Ohio.

Your employment is contingent upon passing a drug screen, and completion of formal reference checking, which includes a background check of previous employment, military and driving history, professional references, and any criminal record.

I hope that you accept the Company's offer of employment. To acknowledge your acceptance, please sign and return one copy of this letter to me. We are truly delighted with your interest in working with us. Please feel free to contact me to discuss any questions you may have. We look forward to you joining us.

Sincerely,

/s/ Robert D. Campbell

Robert D. Campbell
Sr. Vice President
Human Resources

/s/ Donald Brown | 3/17/2015
Donald Brown | Date

Exhibit 31.1

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

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2015 By: /s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Exhibit 31.2

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

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2015 ;

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

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

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

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

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

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

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

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

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

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

Date: April 30, 2015 By: /s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., 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/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: April 30, 2015

Exhibit 32.2

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, 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/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: April 30, 2015

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 10/30/14 for the Period Ending 09/30/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

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)

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

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.)
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 315,699,826 shares outstanding at October 23, 2014 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Table of Contents

DEFINED TERMS

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

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule

DEFINED TERMS (continued)

CCRs	Coal Combustion Residuals
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts

DEFINED TERMS (continued)

mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

Table of Contents

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net Revenues				
Gas Distribution	**$ 240.3**	$ 255.1	**$ 1,878.8**	$ 1,540.6
Gas Transportation and Storage	**381.7**	346.9	**1,350.3**	1,181.9
Electric	**424.6**	413.4	**1,279.4**	1,175.2
Other	**77.3**	61.4	**271.0**	162.8
Gross Revenues	**1,123.9**	1,076.8	**4,779.5**	4,060.5
Cost of Sales (excluding depreciation and amortization)	**230.5**	243.0	**1,663.5**	1,268.3
Total Net Revenues	**893.4**	833.8	**3,116.0**	2,792.2
Operating Expenses				
Operation and maintenance	**529.5**	468.9	**1,563.8**	1,375.6
Depreciation and amortization	**153.0**	144.5	**450.8**	431.4
Gain on sale of assets, net	**(2.9)**	(9.8)	**(19.3)**	(10.2)
Other taxes	**68.0**	64.3	**242.5**	221.7
Total Operating Expenses	**747.6**	667.9	**2,237.8**	2,018.5
Equity Earnings in Unconsolidated Affiliates	**12.0**	10.5	**32.9**	25.6
Operating Income	**157.8**	176.4	**911.1**	799.3
Other Income (Deductions)				
Interest expense, net	**(109.6)**	(103.7)	**(327.8)**	(304.3)
Other, net	**9.2**	4.7	**21.2**	22.1
Total Other Deductions	**(100.4)**	(99.0)	**(306.6)**	(282.2)
Income from Continuing Operations before Income Taxes	**57.4**	77.4	**604.5**	517.1
Income Taxes	**25.9**	27.9	**228.1**	179.2
Income from Continuing Operations	**31.5**	49.5	**376.4**	337.9
(Loss) Income from Discontinued Operations - net of taxes	**(0.1)**	0.1	**(0.6)**	7.5
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	**—**	(1.5)	**—**	34.9
Net Income	**$ 31.4**	$ 48.1	**$ 375.8**	$ 380.3
Basic Earnings Per Share				
Continuing operations	**$ 0.10**	$ 0.16	**$ 1.19**	$ 1.08
Discontinued operations	**—**	—	**—**	0.14
Basic Earnings Per Share	**$ 0.10**	$ 0.16	**$ 1.19**	$ 1.22
Diluted Earnings Per Share				
Continuing operations	**$ 0.10**	$ 0.16	**$ 1.19**	$ 1.08
Discontinued operations	**—**	—	**—**	0.14
Diluted Earnings Per Share	**$ 0.10**	$ 0.16	**$ 1.19**	$ 1.22
Dividends Declared Per Common Share	**$ 0.26**	$ 0.25	**$ 1.02**	$ 0.98
Basic Average Common Shares Outstanding	**315.4**	312.8	**314.9**	312.1
Diluted Average Common Shares	**316.6**	313.8	**316.0**	313.0

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, net of taxes)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net Income	**$ 31.4**	$ 48.1	**$ 375.8**	$ 380.3
Other comprehensive income (loss)				
Net unrealized (loss) gain on available-for-sale securities [1]	**(0.6)**	0.9	**0.2**	(2.4)
Net unrealized gain on cash flow hedges [2]	**0.6**	0.6	**1.9**	2.0
Unrecognized pension and OPEB (cost) benefit [3]	**(0.2)**	0.1	**(0.1)**	5.5
Total other comprehensive (loss) income	**(0.2)**	1.6	**2.0**	5.1
Total Comprehensive Income	**$ 31.2**	$ 49.7	**$ 377.8**	$ 385.4

[1] Net unrealized (loss) gain on available-for-sale securities, net of $ 0.3 million tax benefit and $ 0.5 million tax expense in the third quarter of 2014 and 2013 , respectively, and $0.1 million tax expense and $1.3 million tax benefit for the nine months ended 2014 and 2013 , respectively.

[2] Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.4 million tax expense in the third quarter of 2014 and 2013 , and $1.2 million and $1.3 million tax expense for the nine months ended 2014 and 2013 , respectively.

[3] Unrecognized pension and OPEB (cost) benefit, net of zero tax benefit and tax expense in the third quarter of 2014 and 2013 , respectively, and $0.7 million tax benefit and $3.5 million tax expense for the nine months ended 2014 and 2013 , respectively.

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	September 30, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	$ 24,775.7	$ 23,303.7
Accumulated depreciation and amortization	(9,533.2)	(9,256.5)
Net utility plant	15,242.5	14,047.2
Other property, at cost, less accumulated depreciation	344.0	317.9
Net Property, Plant and Equipment	15,586.5	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	443.5	373.7
Other investments	211.7	204.0
Total Investments and Other Assets	655.2	577.7
Current Assets		
Cash and cash equivalents	17.7	26.8
Restricted cash	16.0	8.0
Accounts receivable (less reserve of $18.4 and $23.5, respectively)	639.3	1,005.8
Gas inventory	513.0	354.6
Underrecovered gas and fuel costs	54.7	46.4
Materials and supplies, at average cost	106.4	101.2
Electric production fuel, at average cost	48.2	44.6
Exchange gas receivable	80.9	70.6
Regulatory assets	200.1	142.8
Deferred income taxes	231.7	175.3
Prepayments and other	103.6	183.1
Total Current Assets	2,011.6	2,159.2
Other Assets		
Regulatory assets	1,440.9	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	267.4	275.7
Deferred charges and other	82.3	87.8
Total Other Assets	5,456.8	5,551.9
Total Assets	$ 23,710.1	$ 22,653.9

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, except share amounts)		**September 30, 2014**		December 31, 2013
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common Stockholders' Equity				
Common stock - $0.01 par value, 400,000,000 shares authorized; 315,597,089 and 313,675,911 shares outstanding, respectively	$	**3.2**	$	3.2
Additional paid-in capital		**4,764.7**		4,690.1
Retained earnings		**1,339.9**		1,285.5
Accumulated other comprehensive loss		**(41.6)**		(43.6)
Treasury stock		**(58.9)**		(48.6)
Total Common Stockholders' Equity		**6,007.3**		5,886.6
Long-term debt, excluding amounts due within one year		**8,397.4**		7,593.2
Total Capitalization		**14,404.7**		13,479.8
Current Liabilities				
Current portion of long-term debt		**18.7**		542.1
Short-term borrowings		**1,311.1**		698.7
Accounts payable		**427.7**		619.0
Dividends payable		**82.1**		—
Customer deposits and credits		**257.1**		262.6
Taxes accrued		**189.3**		254.8
Interest accrued		**81.7**		136.4
Overrecovered gas and fuel costs		**21.2**		32.2
Exchange gas payable		**143.1**		186.4
Deferred revenue		**6.5**		18.5
Regulatory liabilities		**79.9**		60.2
Accrued liability for postretirement and postemployment benefits		**6.2**		6.2
Legal and environmental		**15.3**		32.3
Other accruals		**408.6**		329.0
Total Current Liabilities		**3,048.5**		3,178.4
Other Liabilities and Deferred Credits				
Deferred income taxes		**3,540.8**		3,277.8
Deferred investment tax credits		**18.2**		20.9
Deferred credits		**102.7**		91.9
Deferred revenue		**20.9**		17.1
Accrued liability for postretirement and postemployment benefits		**425.6**		527.5
Regulatory liabilities		**1,675.8**		1,669.8
Asset retirement obligations		**175.2**		174.4
Other noncurrent liabilities		**297.7**		216.3
Total Other Liabilities and Deferred Credits		**6,256.9**		5,995.7
Commitments and Contingencies (Refer to Note 16)		**—**		—
Total Capitalization and Liabilities	$	**23,710.1**	$	22,653.9

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Nine Months Ended September 30, *(in millions)*	**2014**	2013
Operating Activities		
Net Income	$ **375.8**	$ 380.3
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	**450.8**	431.4
Net changes in price risk management assets and liabilities	**1.9**	1.9
Deferred income taxes and investment tax credits	**220.8**	199.1
Deferred revenue	**1.9**	1.6
Stock compensation expense and 401(k) profit sharing contribution	**54.6**	39.7
Gain on sale of assets	**(19.3)**	(10.2)
Income from unconsolidated affiliates	**(32.3)**	(25.5)
Gain on disposition of discontinued operations - net of taxes	**—**	(34.9)
Loss (Income) from discontinued operations - net of taxes	**0.6**	(7.5)
Amortization of debt related costs	**7.5**	7.0
AFUDC equity	**(15.6)**	(12.7)
Distributions of earnings received from equity investees	**27.6**	19.0
Changes in Assets and Liabilities		
Accounts receivable	**362.6**	318.4
Income tax receivable	**2.1**	124.6
Inventories	**(170.8)**	(103.7)
Accounts payable	**(218.1)**	(177.7)
Customer deposits and credits	**70.2**	(20.4)
Taxes accrued	**(67.7)**	(68.0)
Interest accrued	**(54.6)**	(62.1)
(Under) Overrecovered gas and fuel costs	**(19.2)**	38.1
Exchange gas receivable/payable	**(53.6)**	28.1
Other accruals	**(29.7)**	(36.5)
Prepayments and other current assets	**56.1**	45.5
Regulatory assets/liabilities	**17.1**	71.5
Postretirement and postemployment benefits	**(102.5)**	(95.9)
Deferred credits	**13.8**	11.1
Deferred charges and other noncurrent assets	**1.5**	11.8
Other noncurrent liabilities	**6.3**	(6.3)
Net Operating Activities from Continuing Operations	**887.8**	1,067.7
Net Operating Activities (used for) from Discontinued Operations	**(1.3)**	10.9
Net Cash Flows from Operating Activities	**886.5**	1,078.6
Investing Activities		
Capital expenditures	**(1,441.7)**	(1,297.3)
Insurance recoveries	**6.8**	6.4
Proceeds from disposition of assets	**7.6**	17.9
Restricted cash (deposits) withdrawals	**(8.1)**	28.5
Contributions to equity investees	**(63.8)**	(77.1)
Other investing activities	**(13.0)**	(48.4)
Net Investing Activities used for Continuing Operations	**(1,512.2)**	(1,370.0)
Net Investing Activities from Discontinued Operations	**—**	118.7
Net Cash Flows used for Investing Activities	**(1,512.2)**	(1,251.3)
Financing Activities		

Issuance of long-term debt		**748.4**		815.3
Repayments of long-term debt and capital lease obligations		**(517.1)**		(505.2)
Premiums and other debt related costs		**—**		(3.2)
Change in short-term borrowings, net		**612.4**		43.9
Issuance of common stock		**22.4**		36.1
Acquisition of treasury stock		**(10.3)**		(8.0)
Dividends paid - common stock		**(239.2)**		(227.6)
Net Cash Flows from Financing Activities		**616.6**		151.3
Change in cash and cash equivalents used for continuing operations		**(7.8)**		(151.0)
Cash contributions (to) from discontinued operations		**(1.3)**		129.6
Cash and cash equivalents at beginning of period		**26.8**		36.3
Cash and Cash Equivalents at End of Period	**$**	**17.7**	$	14.9

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income:						
Net Income	—	—	—	375.8	—	375.8
Other comprehensive income, net of tax	—	—	—	—	2.0	2.0
Common stock dividends	—	—	—	(321.4)	—	(321.4)
Treasury stock acquired	—	(10.3)	—	—	—	(10.3)
Issued:						
Employee stock purchase plan	—	—	3.0	—	—	3.0
Long-term incentive plan	—	—	31.9	—	—	31.9
401(k) and profit sharing issuance	—	—	33.8	—	—	33.8
Dividend reinvestment plan	—	—	5.9	—	—	5.9
Balance as of September 30, 2014	**$ 3.2**	**$ (58.9)**	**$ 4,764.7**	**$ 1,339.9**	**$ (41.6)**	**$ 6,007.3**

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

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur in mid-2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

On September 29, 2014, Columbia Pipeline Partners LP, a wholly owned subsidiary ("CPPL"), filed with the Securities and Exchange Commission a Registration Statement on Form S-1 related to CPPL's proposed initial public offering of common units representing limited partner interests in CPPL. We expect that CPPL will sell a minority share of its total limited partner interests in the offering, which is expected to occur in the first quarter of 2015. If the proposed offering closes, CPPL's initial asset would consist of an approximate 14.6% ownership interest in CPG OpCo LP ("Columbia OpCo"), which is the entity that will own substantially all of NiSource's natural gas transmission, midstream and storage assets. In addition, NiSource, through its ownership of CPG, would indirectly own (a) the remaining ownership interest in Columbia OpCo, (b) the general partner of CPPL, (c) the remaining CPPL limited partner interests that are not sold in the offering and (d) all the incentive distribution rights in CPPL.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

2. Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . ASU 2014-12 clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. NiSource is required to adopt ASU 2014-12 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied prospectively, with early adoption permitted. Retroactive application would apply to awards with performance targets outstanding after the beginning of the first annual period presented. The adoption of this guidance will not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

3. Earnings Per Share

Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income. The computation of diluted average common shares follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2014**	2013	**2014**	2013
Denominator				
Basic average common shares outstanding	**315,418**	312,842	**314,889**	312,053
Dilutive potential common shares:				
Stock options	**32**	112	**30**	102
Shares contingently issuable under employee stock plans	**725**	369	**649**	327
Shares restricted under stock plans	**451**	490	**438**	477
Diluted Average Common Shares	**316,626**	313,813	**316,006**	312,959

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

4. Discontinued Operations and Assets and Liabilities Held for Sale

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at September 30, 2014 and December 31, 2013 .

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues from Discontinued Operations	**$ —**	$ 0.4	**$ —**	$ 1.3
(Loss) Income from discontinued operations	**(0.2)**	0.1	**(1.0)**	12.2
Income tax (benefit) expense	**(0.1)**	—	**(0.4)**	4.7
(Loss) Income from Discontinued Operations - net of taxes	**$ (0.1)**	$ 0.1	**$ (0.6)**	$ 7.5
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	**$ —**	$ (1.5)	**$ —**	$ 34.9

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the nine months ended September 30, 2014 and 2013 are presented in the table below:

(in millions)	**2014**	2013
Balance as of January 1,	**$ 174.4**	$ 160.4
Accretion expense	**1.2**	0.9
Accretion recorded as a regulatory asset/liability	**6.3**	6.5
Additions	**2.3**	9.7
Settlements	**(1.4)**	(1.3)
Change in estimated cash flows [(1)]	**(7.6)**	(0.7)
Balance as of September 30,	**$ 175.2**	$ 175.5

[(1)] The change in estimated cash flows for 2014 is primarily attributed to changes in estimated costs to retire pipeline.

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

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately $710 million with the IURC. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling. Subsequently, the NIPSCO Industrial Group filed a Voluntary Notice of Dismissal, which was granted with prejudice.

On September 12, 2014, Columbia of Ohio filed an application that seeks authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, the expenditures to be incurred in implementing Columbia of Ohio's Pipeline Safety Program. Columbia of Ohio is requesting authority to defer Pipeline Safety Program costs of up to $15 million annually. Comments are due November 17, 2014, and Reply Comments are due December 2, 2014.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately $25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately $25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30, 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of $50.0 million . On February 28, 2014, the Massachusetts DPU approved a revised GAF subject to further review and reconciliation to recover approximately $25 million of the anticipated under-collection and defer recovery of the remaining $25 million to November 2014 through April 2015, and thus, this deferred amount has been incorporated into the proposed GAF as filed on September 16, 2014, in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On August 4, 2014, Columbia of Massachusetts filed its 2014-2015 Peak Period LDAF and on September 16, 2014, Columbia of Massachusetts filed its 2014 PEF and its 2014 RAAF, each with a proposed effective date of November 1, 2014. Columbia of Massachusetts expects approval of the 2014-2015 LDAF by October 31, 2014. Columbia of Massachusetts also expects approval of the 2014 PEF and 2014 RAAF by October 31, 2014, subject to further investigation and reconciliation.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30 million . A final revenue requirement update of $29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of $19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds $180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of

ITEM 1. FINANCIAL STATEMENTS (continued)

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

2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. On September 5, 2014, the parties to the rate case filed a joint petition which seeks approval of a full settlement. If the settlement is approved, Columbia of Pennsylvania will be authorized to increase its annual base revenues by $32.5 million . The administrative law judge assigned to the case issued a Recommended Decision on October 17, 2014, in which he recommended that the settlement be approved, without modification. A final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million , which includes $6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. The SAVE rider will be reset to zero and these revenues will be moved into non-gas base rates, resulting in a proposed net revenue increase of $24.9 million per year. Columbia of Virginia also seeks to recover costs related to its implementation of pipeline safety programs and forward looking adjustments to its capital investments and changes in operating costs projected to occur during the rate year ending September 30, 2015. In addition, Columbia of Virginia is proposing a change from volumetric based (Mcf) billing to thermal based (Btu) billing. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and became effective October 1, 2014.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, gas energy efficiency programs, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are subject to trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission, distribution and storage system improvements. On August 28, 2014, NIPSCO filed its gas TDSIC-1 with the IURC for ratemaking and accounting relief associated with the eligible investments, which included $4.4 million of net capital expenditures for the period ended June 30, 2014. This filing includes changes to the revenue requirement mechanism to be consistent with the IURC order in the electric TDSIC case and revised seven-year plan eligible investment projections. An order is expected in the first quarter of 2015.

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about $300 million . The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately $330 million . Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas, which is settled in-kind and reflected net of recoveries in operating expenses. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental related expenses, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. On March 10, 2014, the OUCC filed a Petition for Reconsideration with the IURC, and the IURC denied that Petition for Reconsideration on May 7, 2014. In addition, the NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling, which are still pending.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requested a reduction in the base ROE to 9.15% . The complaint requested that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. On October 16, 2014, FERC issued an Order that dismissed the portions of the complaint that challenged Transmission Owner capital structures and incentive adders; set the base ROE for hearing and suspended to allow for settlement; set a refund effective date of November 12, 2013; and directed the parties to the new two-step discounted cash flow methodology established by FERC in Opinion No. 531 in Docket No. EL11-77-001. NIPSCO is unable to estimate the impact of this complaint or the timing of any potential impact at this time.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, federally mandated costs, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On August 1, 2014, NIPSCO filed ECR-24 which included $658.4 million of net capital expenditures for the period ended June 30, 2014. An order is expected in the fourth quarter of 2014.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements. On August 28, 2014, NIPSCO filed its electric TDSIC-1 with the IURC for ratemaking and accounting relief associated with the eligible investments, which included $19.4 million of net capital expenditures for the period ended June 30, 2014. An order is expected in the fourth quarter of 2014.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

7. 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 NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2014 and December 31, 2013 :

Recurring Fair Value Measurements September 30, 2014 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 0.7	$ —	$ —	$ 0.7
Available-for-sale securities	31.6	103.6	—	135.2
Total	**$ 32.3**	**$ 103.6**	**$ —**	**$ 135.9**
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 3.5	$ —	$ 0.9	$ 4.4
Total	**$ 3.5**	**$ —**	**$ 0.9**	**$ 4.4**

Recurring Fair Value Measurements December 31, 2013 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2013
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 2.1	$ —	$ —	$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	**$ 27.4**	**$ 117.2**	**$ —**	**$ 144.6**
Liabilities				
Price risk management liabilities:				
Commodity Financial price risk programs	$ 1.6	$ —	$ 0.1	$ 1.7
Total	**$ 1.6**	**$ —**	**$ 0.1**	**$ 1.7**

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of

September 30, 2014 and December 31, 2013 , 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 NiSource's financial instruments.

At December 31, 2013, price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource used a calculation of future cash inflows and estimated future outflows related to the swap agreements, which we discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap. On July 15, 2014, $500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at September 30, 2014 and December 31, 2013 were:

September 30, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 34.3	$ 0.2	$ (0.3)	$ 34.2
Corporate/Other	101.0	0.9	(0.9)	101.0
Total Available-for-sale debt securities	**$ 135.3**	**$ 1.1**	**$ (1.2)**	**$ 135.2**

December 31, 2013 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 30.3	$ 0.3	$ (0.5)	$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	**$ 121.8**	**$ 1.4**	**$ (1.8)**	**$ 121.4**

For the three months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and $0.1 million , respectively. For the three months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.1 million and zero , respectively.

For the nine months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.1 million and $0.5 million , respectively. For the nine months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.3 million .

The cost of maturities sold is based upon specific identification. At September 30, 2014 , approximately $4.9 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At September 30, 2014 , approximately $6.2 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2014 and 2013 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the nine months ended September 30, 2014 .

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

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. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the nine months ended September 30, 2014 and 2013 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of September 30, 2014**	**Estimated Fair Value as of September 30, 2014**	Carrying Amount as of Dec. 31, 2013	Estimated Fair Value as of Dec. 31, 2013
Long-term debt (including current portion)	**$ 8,416.1**	**$ 9,338.2**	$ 8,135.3	$ 8,697.3

8. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the commercial paper conduits 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 sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 17, 2014. The maximum seasonal program limit under the terms of the current agreement is $240 million . The current agreement expires on October 16, 2015 , and can be further renewed if mutually agreed to by all parties. As of September 30, 2014 , $70.8 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement was last renewed on August 27, 2014. The maximum seasonal program limit under the terms of the current agreement is $200 million . The current agreement expires on August 26, 2015 , and can be further renewed if mutually agreed to by all parties. As of September 30, 2014 , $125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is $75 million . The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015 , and can be further renewed if mutually agreed to by both parties. As of September 30, 2014 , $10.0 million of accounts receivable had been transferred

by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of September 30, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**September 30, 2014**	December 31, 2013
Gross Receivables	**$ 374.0**	$ 610.9
Less: Receivables not transferred	**168.2**	345.8
Net receivables transferred	**$ 205.8**	$ 265.1
Short-term debt due to asset securitization	**$ 205.8**	$ 265.1

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

9. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of September 30, 2014 were $3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately $2.0 billion is allocated to Columbia Transmission Operations and $1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of $17.8 million at September 30, 2014 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the third quarter.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

10. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2014 and 2013 were 45.1% and 36.0% , respectively. The effective tax rate for the nine months ended September 30, 2014 and 2013 were 37.7% and 34.7% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 9.1% in 2014 versus 2013 is primarily due to a change in the estimated annual effective tax rate due to a revision in estimated nontaxable income during the third quarter of 2014. The increase in the year-to-date effective tax rate of 3.0% is primarily due to the impact of the Indiana tax rate change, see below for further information, and deferred tax adjustments recorded in 2013 related to state apportionment changes.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the ratemaking process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of $7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

There were no material changes recorded in 2014 to NiSource's uncertain tax positions as of December 31, 2013 .

11. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides 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 NiSource. 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.

For the nine months ended September 30, 2014 , NiSource has contributed $35.3 million to its pension plans and $29.3 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost for the three and nine months ended September 30, 2014 and 2013 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended September 30, *(in millions)*	**2014**	2013	**2014**	2013
Components of Net Periodic Benefit Cost				
Service cost	**$ 8.7**	$ 9.0	**$ 2.0**	$ 3.0
Interest cost	**27.2**	24.9	**7.0**	8.0
Expected return on assets	**(45.3)**	(42.0)	**(9.3)**	(7.6)
Amortization of transition obligation	**—**	—	**—**	0.2
Amortization of prior service cost (credit)	**0.1**	—	**(1.4)**	(0.2)
Recognized actuarial loss	**11.9**	18.9	**0.2**	2.8
Settlement loss	**—**	4.0	**—**	—
Total Net Periodic Benefit Cost (Credit)	**$ 2.6**	$ 14.8	**$ (1.5)**	$ 6.2

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30, *(in millions)*	**2014**	2013	**2014**	2013
Components of Net Periodic Benefit Cost				
Service cost	**$ 26.1**	$ 27.7	**$ 6.5**	$ 9.0
Interest cost	**81.8**	73.5	**23.0**	24.2
Expected return on assets	**(135.9)**	(126.5)	**(27.5)**	(22.8)
Amortization of transition obligation	**—**	—	**—**	0.4
Amortization of prior service cost (credit)	**0.1**	0.2	**(2.9)**	(0.6)
Recognized actuarial loss	**35.7**	59.3	**0.3**	8.4
Settlement loss	**—**	28.3	**—**	—
Total Net Periodic Benefit Cost (Credit)	**$ 7.8**	$ 62.5	**$ (0.6)**	$ 18.6

In 2013, NiSource pension plans had lump sum payouts exceeding the plans' 2013 service cost plus interest cost and, therefore, settlement accounting was required.

12. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $17.0 million and $17.1 million for the nine months ended September 30, 2014 and 2013 , respectively.

13. Long-Term Debt

On August 20, 2014 , NiSource Finance negotiated a $750.0 million three -year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

On July 15, 2014 , NiSource Finance redeemed $500.0 million of 5.40% senior unsecured notes at maturity.

14. Short-Term Borrowings

NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At September 30, 2014 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At September 30, 2014 , NiSource had $1,105.3 million of commercial paper outstanding.

As of September 30, 2014 , NiSource had $31.2 million of stand-by letters of credit outstanding of which $15.0 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $205.8 million and $265.1 million as of September 30, 2014 and December 31, 2013 , respectively. Refer to Note 8, "Transfers of Financial Assets," for additional information.

(in millions)	**September 30, 2014**	December 31, 2013
Commercial Paper weighted average interest rate of 0.67% and 0.70% at September 30, 2014 and December 31, 2013, respectively.	**$ 1,105.3**	$ 433.6
Accounts receivable securitization facility borrowings	**205.8**	265.1
Total Short-Term Borrowings	**$ 1,311.1**	$ 698.7

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

15. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan (defined below) or the Director Stock Incentive Plan ("Director Plan") that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At September 30, 2014 , there were 6,260,962 shares reserved for future awards under the Omnibus Plan.

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

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan"). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $16.3 million and $8.8 million for the three months ended September 30, 2014 and 2013 , respectively, as well as related tax benefits of $5.4 million and $3.2 million , respectively. For the nine months ended September 30, 2014 and 2013 , stock-based employee compensation expense of $27.3 million and $17.5 million was recognized, respectively, as well as related tax benefit of $10.1 million and $6.1 million , respectively.

As of September 30, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $26.8 million , which will be amortized over the weighted-average remaining requisite service period of 2.2 years .

Stock Options. As of September 30, 2014 , approximately 0.1 million options were outstanding and exercisable with a weighted average strike price of $22.62 . No options were granted during the nine months ended September 30, 2014 and 2013 . As of September 30, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was $2.0 million . During the nine months ended September 30, 2014 and 2013 , cash received from the exercise of options was $6.8 million and $22.6 million , respectively.

Restricted Stock Units and Restricted Stock. During the nine months ended September 30, 2014 , NiSource granted 148,133 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was $4.8 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of September 30, 2014 , 309,829 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the nine months ended September 30, 2014 , NiSource granted 535,037 performance shares subject to service and performance conditions. The grant date fair value of the awards was $16.6 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service and performance period. As of September 30, 2014 , 1,735,551 nonvested performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended September 30, 2014 and 2013 , NiSource recognized 401 (k) match, profit sharing and non-elective contribution expense of $10.5 million and $7.9 million , respectively. For the nine months ended September 30, 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of $27.4 million and $22.2 million , respectively.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

16. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain 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. 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. The total guarantees and indemnities in existence at September 30, 2014 and the years in which they expire were:

(in millions)	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	$ 7,960.5	$ —	$ 230.0	$ 616.5	$ 1,257.0	$ 800.0	$ 5,057.0
Accounts receivable securitization	205.8	205.8	—	—	—	—	—
Lines of credit	1,105.3	1,105.3	—	—	—	—	—
Letters of credit	31.2	—	31.2	—	—	—	—
Other guarantees	142.4	7.4	29.5	—	—	—	105.5
Total commercial commitments	$ 9,445.2	$ 1,318.5	$ 290.7	$ 616.5	$ 1,257.0	$ 800.0	$ 5,162.5

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $8.0 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At September 30, 2014 , NiSource had no borrowings under its five-year revolving credit facility, $1,105.3 million in commercial paper outstanding and $205.8 million outstanding under its accounts receivable securitization agreements. At September 30, 2014 , NiSource issued stand-by letters of credit of approximately $31.2 million for the benefit of third parties. See Note 14, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling $25.6 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of September 30, 2014 .

NiSource has issued other guarantees supporting derivative related payments associated with operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

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

As of September 30, 2014 and December 31, 2013 , NiSource had recorded an accrual of approximately $130.9 million and $143.9 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for 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 cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric generating units under section 111(d) of the Clean Air Act. The proposed rule establishes state-specific CO2 emission rate goals and requires each state to submit a plan indicating how the generating units within the state will meet the EPA's emission rate goal. Final CO2 emission rate standards are expected to be set by the EPA in June 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour $PM_{2.5}$ standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual $PM_{2.5}$ standard from 15 to 12 $\mu g/m^3$. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste
NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, a program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 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.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was $122.8 million and $129.5 million at September 30, 2014 and December 31, 2013 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 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.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

Columbia Pipeline Group Operations.

Air
In April 2014, the Pennsylvania DEP proposed a rule, *Additional RACT Requirements for Major Sources of NOx and VOCs* , which may require emissions reductions from several Columbia Transmission turbines and reciprocating engines. The rule is expected to be finalized by the end of 2014 and would give facilities three years to bring emissions sources into compliance with the reductions required by this rule. Columbia Transmission will continue to monitor developments in this matter and cannot estimate costs at this time.

Waste
Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2014. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was $2.8 million and $8.7 million at September 30, 2014 and December 31, 2013 , respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air
NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $860 million , of which approximately $155.8 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO2 and NOx by setting state-wide caps on power plant emissions. Implementation of the CSAPR was delayed for

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

several years by litigation, but the EPA recently received permission from a court to begin enforcing CSAPR on January 1, 2015. The EPA's implementation of CSAPR will not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CSAPR.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2015, or by April 2016 for those affected units that have been approved for a one year compliance extension by IDEM. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water
On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related discussions with IDEM. NIPSCO is currently evaluating these options and cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste
On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at $50.3 million , multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Table of Contents

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

17. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and nine months ended September 30, 2014 and 2013 :

Three Months Ended September 30, 2014 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of July 1, 2014	$ 0.5	$ (24.5)	$ (17.4)	$ (41.4)
Other comprehensive income before reclassifications	(0.5)	—	(0.1)	(0.6)
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.6	(0.1)	0.4
Net current-period other comprehensive (loss) income	(0.6)	0.6	(0.2)	(0.2)
Balance as of September 30, 2014	**$ (0.1)**	**$ (23.9)**	**$ (17.6)**	**$ (41.6)**

Nine Months Ended September 30, 2014 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2014	$ (0.3)	$ (25.8)	$ (17.5)	$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	(0.4)	0.2
Amounts reclassified from accumulated other comprehensive income	(0.3)	1.8	0.3	1.8
Net current-period other comprehensive income (loss)	0.2	1.9	(0.1)	2.0
Balance as of September 30, 2014	**$ (0.1)**	**$ (23.9)**	**$ (17.6)**	**$ (41.6)**

Three Months Ended September 30, 2013 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of July 1, 2013	$ (0.7)	$ (27.2)	$ (34.1)	$ (62.0)
Other comprehensive income before reclassifications	1.0	(0.1)	(0.6)	0.3
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.7	0.7	1.3
Net current-period other comprehensive income	0.9	0.6	0.1	1.6
Balance as of September 30, 2013	**$ 0.2**	**$ (26.6)**	**$ (34.0)**	**$ (60.4)**

Nine Months Ended September 30, 2013 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of January 1, 2013	$ 2.6	$ (28.6)	$ (39.5)	$ (65.5)
Other comprehensive income before reclassifications	(1.9)	(0.1)	2.6	0.6
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.1	2.9	4.5
Net current-period other comprehensive (loss) income	(2.4)	2.0	5.5	5.1
Balance as of September 30, 2013	**$ 0.2**	**$ (26.6)**	**$ (34.0)**	**$ (60.4)**

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

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at September 30, 2014 of $16.9 million , net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $16.9 million and $17.7 million at September 30, 2014 and December 31, 2013 , respectively, is included in gains and losses on cash flow hedges above.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

18. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At September 30, 2014 , NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2014**	2013	**2014**	2013
Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 411.9**	$ 409.5	**$ 2,593.8**	$ 2,126.8
Intersegment	**—**	—	**0.3**	0.2
Total	**411.9**	409.5	**2,594.1**	2,127.0
Columbia Pipeline Group Operations				
Unaffiliated	**285.7**	251.3	**900.2**	752.0
Intersegment	**31.9**	31.4	**106.5**	105.9
Total	**317.6**	282.7	**1,006.7**	857.9
Electric Operations				
Unaffiliated	**424.4**	413.6	**1,279.9**	1,175.9
Intersegment	**0.3**	0.1	**0.6**	0.5
Total	**424.7**	413.7	**1,280.5**	1,176.4
Corporate and Other				
Unaffiliated	**1.9**	2.4	**5.6**	5.8
Intersegment	**138.1**	119.6	**393.8**	351.3
Total	**140.0**	122.0	**399.4**	357.1
Eliminations	**(170.3)**	(151.1)	**(501.2)**	(457.9)
Consolidated Gross Revenues	**$ 1,123.9**	$ 1,076.8	**$ 4,779.5**	$ 4,060.5
Operating Income (Loss)				
Gas Distribution Operations	**$ 0.8**	$ (5.0)	**$ 362.4**	$ 279.1
Columbia Pipeline Group Operations	**94.4**	98.7	**357.0**	321.0
Electric Operations	**76.9**	87.5	**218.7**	212.2
Corporate and Other	**(14.3)**	(4.8)	**(27.0)**	(13.0)
Consolidated Operating Income	**$ 157.8**	$ 176.4	**$ 911.1**	$ 799.3

Table of Contents

ITEM 1. FINANCIAL STATEMENTS (continued)

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

19. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the nine months ended September 30, 2014 and 2013 :

	Nine Months Ended September 30,	
(in millions)	**2014**	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	$ **213.9**	$ 202.7
Assets acquired under a capital lease	**69.9**	5.7
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	$ **375.0**	$ 359.4
Cash paid for income taxes	**12.2**	8.5

Table of Contents

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

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Proposed Separation, the Columbia Pipeline Partners LP initial public offering and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the Proposed Separation and the Columbia Pipeline Partners LP initial public offering (collectively, the "Proposed Transactions"), the risk that a condition to consummation of a proposed transaction is not satisfied, disruption to operations as a result of the Proposed Transactions, the inability of one or more of the businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K and this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur in mid-2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

The Proposed Separation is subject to various conditions, including, without limitation, the receipt by NiSource of a legal opinion on the tax-free nature of the distribution and final approval of the NiSource Board of Directors. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed in mid-2015 or at all.

On September 29, 2014, Columbia Pipeline Partners LP, a wholly owned subsidiary ("CPPL"), filed with the Securities and Exchange Commission a Registration Statement on Form S-1 related to CPPL's proposed initial public offering of common units representing limited partner interests in CPPL. We expect that CPPL will sell a minority share of its total limited partner interests in the offering, which is expected to occur in the first quarter of 2015. If the proposed offering closes, CPPL's initial asset would consist of an approximate 14.6% ownership interest in CPG OpCo LP ("Columbia OpCo"), which is the entity that will own

Table of Contents

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

NiSource Inc.

substantially all of NiSource's natural gas transmission, midstream and storage assets. In addition, NiSource, through its ownership of CPG, would indirectly own (a) the remaining ownership interest in Columbia OpCo, (b) the general partner of CPPL, (c) the remaining CPPL limited partner interests that are not sold in the offering and (d) all the incentive distribution rights in CPPL.

If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of CPPL, (c) any of the limited partner interests in CPPL or (d) any of the incentive distribution rights in CPPL.

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the nine months ended September 30, 2014 , NiSource reported income from continuing operations of $376.4 million , or $1.19 per basic share, compared to $337.9 million , or $1.08 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by $69.9 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.
- Demand margin revenue increased by $34.1 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.
- The Company recognized previously deferred gains of $20.8 million from the conveyances of mineral interests at Columbia Pipeline Group Operations. As of September 30, 2014, remaining gains of approximately $21.0 million recorded in "Deferred revenue" on the Condensed Consolidated Balance Sheets (unaudited) will be recognized in earnings upon performance of future obligations.
- Net revenues increased by $20.6 million as a result of higher industrial usage at Electric Operations primarily due to large industrial customers expanding plant operations and using less internal generation. Refer to the Electric Operations' segment discussion for further information.
- Increased third party drilling activity resulted in an increase in mineral rights royalty revenue at Columbia Pipeline Group Operations of $20.5 million. The Company expects to invest in excess of $20 million a year in its mineral rights positions.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by $55.2 million due primarily to outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.
- Interest expense increased by $23.5 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the issuance of $750.0 million of long-term debt in April 2013. These increases were partially offset by the maturity of $500 million of long-term debt in July 2014 and the maturity of $420.3 million of long-term debt in March 2013.
- Outside service costs increased by $22.7 million primarily due to costs associated with the Proposed Separation and Columbia of Pennsylvania's pipeline safety initiatives.

- Depreciation and amortization increased $21.2 million primarily due to higher capital expenditures. NiSource projects 2014 capital expenditures to be approximately $2.2 billion .

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth
NiSource's business plan will continue to center on commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives
NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the third quarter, while executing on significant environmental investments.

- On April 30, 2014, the IURC approved NIPSCO's seven-year, $710 million, natural gas modernization program, referred to as TDSIC. The program complements the in-progress $1.1 billion electric TDSIC approved in February 2014, and is addressing system modernization as well as system expansion in certain areas.

- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. Right-of-way acquisition and permitting are underway for both projects. The Greentown-Reynolds project is a 70-mile, 765-kV line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kV line. The projects involve a NIPSCO investment of approximately $500 million and are anticipated to be in service by the end of 2018.

- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule. The FGD investments are part of approximately $860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement and advance their regulatory agenda.

- On April 30, 2014, Columbia of Virginia filed a rate case with the VSCC to recover investments with a multi-year gas distribution system modernization program. If approved as filed, the case would increase annual revenues by approximately $24.9 million. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and became effective October 1, 2014.

- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC seeking an annual revenue increase of approximately $54.1 million to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. On September 5, 2014, the parties to the rate case filed a joint petition which seeks approval of a full settlement which features an annual increase of $32.5 million. On October 17, 2014, the administrative law judge assigned to the case issued a Recommended Decision in which he recommended that the settlement be approved, without modification. A final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

- On June 26, 2014, Massachusetts Governor Deval Patrick signed into law House Bill 4164, an Act relative to natural gas leaks. The centerpiece of the Bill significantly reduces the lag in recovery associated with priority pipe replacement under Columbia of Massachusetts' current Targeted Infrastructure Reinvestment Factor. Columbia of Massachusetts will make its first filing under the new law on October 31, 2014. Recovery of infrastructure investments made under this program are expected to begin May 1, 2015.

Table of Contents

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations
Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission is on track with the second year of its long-term system modernization program. The second year of the program includes planned modernization investments of approximately $330 million. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of $4 billion.

- In August 2014, Columbia Pipeline Group confirmed details of its planned $1.75 billion investment in the Leach XPress and Rayne XPress projects. The projects will create a new pathway for delivering natural gas supplies to market, providing transportation capacity of approximately 1.5 Bcf per day for Marcellus and Utica shale gas on the Columbia Transmission system and 1.0 Bcf per day on the Columbia Gulf system. The projects, expected to be placed into service by the end of 2017, include approximately150 miles of new transmission pipeline and new compression facilities at multiple sites in Ohio and West Virginia.

- The Columbia Pipeline Group Operations segment will invest approximately $870 million in its WB XPress project. This project will transport approximately 1.3 Bcf of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. Resolution of conditions precedent is anticipated in the fourth quarter of 2014. The project is expected to be placed in service during the fourth quarter of 2018.

- NiSource Midstream began work on its $120 million Washington County Gathering project. The project, anchored by a long-term agreement with a subsidiary of Range Resources Corporation, will consist of gathering pipelines and compression facilities in western Pennsylvania to transport production into a nearby Columbia Transmission pipeline. The project is expected to be in service during the fourth quarter of 2015, with additional expansion expected as gas production grows.

- NiSource Midstream is expanding and optimizing its Big Pine Gathering System to support Marcellus Shale production in Western Pennsylvania by investing $65 million in facility enhancements to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The project is expected to be in service during the third quarter of 2015.

Financial Management of the Balance Sheet
On August 20, 2014 , NiSource Finance negotiated a $750.0 million million three -year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

On July 15, 2014 , NiSource Finance redeemed $500.0 million million of 5.40% senior unsecured notes at maturity.

Additionally on July 15, 2014, $500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

Table of Contents

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

NiSource Inc.

On September 28, 2014, NiSource announced that its Board of Directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company whereby NiSource will continue as a fully regulated natural gas and electric utilities company. The separation announcement triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations
Quarter Ended September 30, 2014

Net Income

NiSource reported net income of $31.4 million , or $0.10 per basic share, for the three months ended September 30, 2014 , compared to net income of $48.1 million , or $0.16 per basic share, for the third quarter of 2013 . Income from continuing operations was $31.5 million , or $0.10 per basic share, for the three months ended September 30, 2014 , compared to income from continuing operations of $49.5 million , or $0.16 per basic share, for the third quarter of 2013 . Operating income was $157.8 million , a decrease of $18.6 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2014 were 315.4 million compared to 312.8 million at September 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended September 30, 2014 , were $893.4 million , a $59.6 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of $35.0 million, higher Gas Distribution Operations' net revenues of $19.5 million and increased Electric Operations' net revenues of $5.7 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $15.6 million, increased demand margin revenue of $11.8 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of $5.9 million and increased condensate revenue of $2.6 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $10.2 million for regulatory and service programs, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the impacts of the rate case at Columbia of Massachusetts. Additionally, there was an increase in net revenues as result of a settlement of $3.2 million at Columbia of Massachusetts in 2013, increased industrial and commercial usage of $1.4 million, higher net revenues due to increased margins of $1.4 million and higher large customer revenue of $1.3 million.

- Electric Operations' net revenues increased primarily due to higher industrial and residential usage of $7.4 million, increased trackers, which are offset in expense, of $4.4 million and an increase in the return on the environmental capital investment recovery of $4.2 million due to an increased plant balance eligible for recovery. These increases were partially offset by the effects of weather of $10.3 million.

Table of Contents

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

NiSource Inc.

Operating Expenses

Operating expenses for the third quarter of 2014 were $747.6 million , an increase of $79.7 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of $60.6 million, increased depreciation and amortization of $8.5 million and a decrease in the gain on the sale of assets of $6.9 million. The increase in operation and maintenance expenses was primarily due to increased employee and administrative costs of $31.7 million, higher regulatory trackers, which are offset in net revenues, of $18.6 million, increased outside service costs of $13.4 million, higher electric generation costs of $3.4 million and increased storm damage costs of $3.3 million. These increases were partially offset by a decrease in software data conversion costs of $7.5 million and lower environmental costs of $3.7 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The decrease in the gain on the sale of assets primarily resulted from the sale of storage base gas in 2013.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were $12.0 million during the third quarter of 2014 compared to $10.5 million for the third quarter of 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by $100.4 million in the third quarter of 2014 compared to a reduction in income of $99.0 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of $5.9 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the expiration of $500.0 million of interest rate swaps in July 2014. These increases were partially offset by the maturity of $500.0 million of long-term debt in July 2014. Other, net of $9.2 million was recorded in 2014 compared to $4.7 million in the prior year. This increase is primarily attributable to current period transmission upgrade agreement income.

Income Taxes

Income tax expense for the quarter ended September 30, 2014 was $25.9 million compared to $27.9 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended September 30, 2014 and 2013 were 45.1% and 36.0% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The increase in the three month effective tax rate of 9.1% in 2014 versus 2013 is primarily due to a change in the estimated annual effective tax rate due to a revision in estimated nontaxable income during the third quarter of 2014. Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations
Nine Months Ended September 30, 2014

Net Income

NiSource reported net income of $375.8 million , or $1.19 per basic share, for the nine months ended September 30, 2014 , compared to net income of $380.3 million , or $1.22 per basic share, for the nine months ended 2013 . Income from continuing operations was $376.4 million , or $1.19 per basic share, for the nine months ended September 30, 2014 , compared to income from continuing operations of $337.9 million , or $1.08 per basic share, for the nine months ended 2013 . Operating income was $911.1 million , an increase of $111.8 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2014 were 314.9 million compared to 312.1 million at September 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the nine months ended September 30, 2014 , were $3,116.0 million , a $323.8 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of $148.9 million, higher Gas Distribution Operations' net revenues of $136.9 million, and increased Electric Operations' net revenues of $38.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $87.6 million, increased demand margin revenue of $34.1 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of $20.5 million due to increased third party drilling activity and higher condensate revenue of $3.7 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $69.9 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $19.7 million and increased regulatory and tax trackers, which are offset in expense, of $17.0 million. Additionally, there was higher residential, commercial and industrial usage of $8.8 million, an increase in off-system sales of $5.1 million, higher revenue of $4.9 million due to increased customer count and an increase in large customer revenue of $4.6 million. Also, there were higher net revenues due to increased margins of $3.9 million, higher net revenues from the recovery of storage inventory costs of $3.6 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.8 million resulting from NIPSCO's GCIM.

- Electric Operations' net revenues increased primarily due to higher industrial and residential usage of $21.9 million, an increase in the return on the environmental capital investment recovery of $17.3 million due to an increased plant balance eligible for recovery. Additionally, there were increased net revenues of $4.1 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $3.9 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million and the effects of weather of $3.8 million.

Operating Expenses

Operating expenses for the nine months ended September 30, 2014 were $2,237.8 million , an increase of $219.3 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of $188.2 million, increased other taxes of $20.8 million and higher depreciation and amortization of $19.4 million. These increases were partially offset by an increase in the gain on sale of assets of $9.1 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of $99.9 million, higher employee and administrative costs of $55.2 million, increased outside service costs of $22.7 million, higher electric generation costs of $14.3 million and an increase of uncollectibles of $4.5 million. These increases were partially offset by lower software data conversion costs of $7.5 million and a decrease in environmental costs of $5.5 million. The increase in other taxes is primarily due to higher property and other taxes of $13.9 million and increased tax trackers, which are offset in net revenues, of $6.9 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in the gain on sale of assets primarily results from conveyances of mineral interests of $20.8 million, offset by the sale of storage base gas in 2013 of $11.1 million at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were $32.9 million during the nine months ended September 30, 2014 , compared to $25.6 million from the 2013 period. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by $306.6 million for the nine months ended September 30, 2014 , compared to a reduction in income of $282.2 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of $23.5 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the issuance of $750.0 million of long-term debt in April 2013. These increases were partially offset by the maturity of $500 million of long-term debt in July 2014 and the maturity of $420.3 million of long-term debt in March 2013.

NiSource Inc.

Income Taxes

Income tax expense for the nine months ended September 30, 2014 was $228.1 million compared to $179.2 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the nine months ended September 30, 2014 and 2013 were 37.7% and 34.7% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The increase in the year-to-date effective tax rate of 3.0% is primarily due to the impact of the Indiana tax rate change, and deferred tax adjustments recorded in 2013 related to state apportionment changes. Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Discontinued Operations

There was a net loss of $0.6 million in the nine months ended September 30, 2014 from discontinued operations compared to net income of $7.5 million in 2013 . The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of $36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014 .

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2014 was $886.5 million , a decrease of $192.1 million compared to the nine months ended September 30, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately $38.3 million to its pension plans and approximately $39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. For the nine months ended September 30, 2014 , NiSource has contributed $35.3 million to its pension plans and $29.3 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the nine months ended September 30, 2014 were $1,441.7 million , compared to $1,297.3 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment primarily due to TDSIC spend. NiSource projects 2014 capital expenditures to be approximately $2.2 billion .

Restricted cash was $16.0 million and $8.0 million as of September 30, 2014 and December 31, 2013 , respectively.

Contributions to equity investees decreased $13.3 million primarily due to lower contributions made by Columbia Transmission to Millennium and NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Condition and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. N iSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements

Table of Contents

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

NiSource Inc.

including the provision of liquidity support for NiSource Finance's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource Finance's $2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at September 30, 2014 and December 31, 2013 . In addition, NiSource Finance had $1,105.3 million in commercial paper outstanding at September 30, 2014 , at a weighted average interest rate of 0.67% and $433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of September 30, 2014 and December 31, 2013 , NiSource had $205.8 million and $265.1 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 8, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of September 30, 2014 , NiSource had $31.2 million of stand-by letters of credit outstanding of which $15.0 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

As of September 30, 2014 , an aggregate of $879.7 million of credit was available under the credit facility.

Debt Covenants **.** NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2014 , the ratio was 61.8%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility and the term loans. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility and the term loans also include 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 NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 8, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of accounts receivable.

All accounts receivable sold to the commercial paper conduits 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 sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On September 28, 2014, NiSource announced that its Board of Directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company whereby NiSource will continue as a fully regulated natural gas and electric utilities company. The separation announcement triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $38.9 million . In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the nine months ended September 30, 2014 to NiSource's contractual obligations as of December 31, 2013 .

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's 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 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, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of September 30, 2014 and December 31, 2013 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loans, 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 $5.6 million and $13.6 million for the three and nine months ended September 30, 2014 , respectively, and $3.6 million and $10.7 million for the three and nine months ended September 30, 2013 , respectively.

Table of Contents

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk 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 NiSource 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, letters of credit and qualified guarantees of support.

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

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. 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 in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 7, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain 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.

NiSource has purchase and sales agreement guarantees totaling $25.6 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 16-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Table of Contents

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

NiSource Inc.

Other Information

Critical Accounting Policies
There were no significant changes to critical accounting policies for the period ended September 30, 2014 .

Recently Issued Accounting Pronouncements
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

Table of Contents

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

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

Table of Contents

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

NiSource Inc.

Gas Distribution Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues				
Sales revenues	**$ 411.9**	$ 409.5	**$ 2,594.1**	$ 2,127.0
Less: Cost of gas sold (excluding depreciation and amortization)	**114.6**	131.7	**1,294.8**	964.6
Net Revenues	**297.3**	277.8	**1,299.3**	1,162.4
Operating Expenses				
Operation and maintenance	**208.8**	199.1	**644.4**	614.6
Depreciation and amortization	**55.4**	51.1	**161.7**	149.7
Loss (Gain) on sale of assets	**—**	1.3	**(0.2)**	1.2
Other taxes	**32.3**	31.3	**131.0**	117.8
Total Operating Expenses	**296.5**	282.8	**936.9**	883.3
Operating Income (Loss)	**$ 0.8**	$ (5.0)	**$ 362.4**	$ 279.1
Revenues ($ in millions)				
Residential	**$ 249.1**	$ 235.3	**$ 1,646.0**	$ 1,331.2
Commercial	**77.0**	68.7	**572.7**	452.2
Industrial	**36.9**	32.0	**169.3**	140.6
Off System	**28.5**	54.8	**166.3**	210.4
Other	**20.4**	18.7	**39.8**	(7.4)
Total	**$ 411.9**	$ 409.5	**$ 2,594.1**	$ 2,127.0
Sales and Transportation (MMDth)				
Residential	**15.4**	15.2	**206.9**	182.0
Commercial	**17.5**	16.2	**135.0**	118.5
Industrial	**126.2**	120.7	**384.7**	367.4
Off System	**7.1**	15.6	**35.6**	55.7
Other	**—**	—	**(0.1)**	0.4
Total	**166.2**	167.7	**762.1**	724.0
Heating Degree Days	**100**	94	**4,092**	3,576
Normal Heating Degree Days	**85**	85	**3,576**	3,576
% Colder than Normal	**18%**	11%	**14%**	—%
Customers				
Residential			**3,035,401**	3,022,289
Commercial			**276,923**	276,219
Industrial			**7,512**	7,488
Other			**15**	22
Total			**3,319,851**	3,306,018

NiSource's Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the nine months ended September 30, 2014 increased from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters
Various environmental matters occasionally impact the Gas Distribution Operations segment. As of September 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather
In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the third quarter of 2014 was 18% colder than normal and 6% colder than the third quarter in 2013 .

Weather in the Gas Distribution Operations' territories for the nine months ended September 30, 2014 was 14% colder than normal and 14% colder than the same period in 2013 .

Throughput
Total volumes sold and transported of 166.2 MMDth for the third quarter of 2014 decreased by 1.5 MMDth from the same period last year. This 0.9% decrease in volumes was primarily attributable to a decrease in off-system sales partially offset by higher industrial throughput.

Total volumes sold and transported of 762.1 MMDth for the nine months ended September 30, 2014 increased by 38.1 MMDth from the same period last year. This 5.3% increase in volume was primarily attributable to colder weather.

Net Revenues
Net revenues for the third quarter of 2014 were $297.3 million, an increase of $19.5 million from the same period in 2013 . The increase in net revenues is due primarily to an increase of $10.2 million for regulatory and service programs, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the impacts of the rate case at Columbia of Massachusetts. Additionally, there was an increase in net revenues as result of a settlement of $3.2 million at Columbia of Massachusetts in 2013, increased industrial and commercial usage of $1.4 million, higher net revenues due to increased margins of $1.4 million and higher large customer revenue of $1.3 million.

Table of Contents

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

NiSource Inc.

Gas Distribution Operations

Net revenues for the nine months ended September 30, 2014 were $1,299.3 million, an increase of $136.9 million from the same period in 2013. The increase in net revenues is due primarily to an increase of $69.9 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $19.7 million and increased regulatory and tax trackers, which are offset in expense, of $17.0 million. Additionally, there was higher residential, commercial and industrial usage of $8.8 million, an increase in off-system sales of $5.1 million, higher revenue of $4.9 million due to increased customer count and an increase in large customer revenue of $4.6 million. Also, there were higher net revenues due to increased margins of $3.9 million, higher net revenues from the recovery of storage inventory costs of $3.6 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.8 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended September 30, 2014 was a revenue increase of $10.0 million and $9.7 million, respectively, compared to an increase of $8.1 million and a decrease of $42.4 million for the three and nine months ended September 30, 2013 , respectively.

Operating Income

For the third quarter of 2014 , Gas Distribution Operations reported operating income of $0.8 million, an increase of $5.8 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $13.7 million higher than the comparable period reflecting increased employee and administrative expenses of $12.9 million and higher depreciation of $4.3 million due to increased capital expenditures. These increases were partially offset by a decrease in environmental costs of $3.7 million.

For the nine months ended September 30, 2014 , Gas Distribution Operations reported operating income of $362.4 million, an increase of $83.3 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $53.6 million higher than the comparable period reflecting higher employee and administrative expenses of $17.7 million, increased regulatory and tax trackers, which are offset in net revenues, of $17.0 million and higher depreciation of $12.0 million due to increased capital expenditures. Additionally, there was increased other taxes of $6.3 million, higher outside service costs of $4.0 million and increased uncollectibles of $3.7 million. These increases were partially offset by a decrease in environmental costs of $5.8 million.

Table of Contents

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

NiSource Inc.

Columbia Pipeline Group Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues				
Transportation revenues	**$ 194.0**	$ 176.4	**$ 597.8**	$ 558.9
Storage revenues	**49.1**	48.6	**148.3**	147.8
Other revenues	**74.5**	57.7	**260.6**	151.2
Total Sales Revenues	**317.6**	282.7	**1,006.7**	857.9
Less: Cost of sales (excluding depreciation and amortization)	**—**	0.1	**0.2**	0.3
Net Revenues	**317.6**	282.6	**1,006.5**	857.6
Operating Expenses				
Operation and maintenance	**194.4**	165.3	**565.2**	448.0
Depreciation and amortization	**29.2**	26.7	**87.7**	78.9
Gain on sale of assets	**(3.0)**	(11.1)	**(20.8)**	(11.3)
Other taxes	**14.6**	13.5	**50.3**	46.6
Total Operating Expenses	**235.2**	194.4	**682.4**	562.2
Equity Earnings in Unconsolidated Affiliates	**12.0**	10.5	**32.9**	25.6
Operating Income	**$ 94.4**	$ 98.7	**$ 357.0**	$ 321.0
Throughput (MMDth)				
Columbia Transmission	**160.9**	158.4	**814.6**	790.8
Columbia Gulf	**143.0**	134.0	**473.3**	494.0
Crossroads Pipeline	**3.2**	4.1	**12.4**	12.4
Intrasegment eliminations	**(22.1)**	(36.5)	**(105.3)**	(211.8)
Total	**285.0**	260.0	**1,195.0**	1,085.4

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment invested approximately $37 million on an expansion project, which included 2.5 miles of 24-inch new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project expanded the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project went into service in the second quarter of 2014.

West Side Expansion. The Columbia Pipeline Group Operations segment invested approximately $200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide transportation to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service was provided throughout 2014 with the project fully in service in October 2014.

Giles County. The Columbia Pipeline Group Operations segment spent approximately $25 million to construct nearly 13 miles of 8-inch pipeline to provide 46,000 Dth per day of firm service to a third party off of its Line VA system into Columbia of Virginia's system. Columbia of Virginia expanded pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project was placed into service in October 2014.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
NiSource Inc.
Columbia Pipeline Group Operations

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing approximately 19 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of $20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 99,000 Dth per day. The project is expected to be in service in the fourth quarter of 2014.

Big Pine Expansion. The Columbia Pipeline Group Operations segment is investing approximately $65 million to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The additional 9 mile 20-inch pipeline and compression facilities will support Marcellus shale production in western Pennsylvania. Approximately half of the increased capacity generated by the project is expected to be supported by a long-term fee-based agreement with a regional producer, with the remaining capacity expected to be sold to other area producers in the near term. The project is expected to be placed in service by the third quarter of 2015.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately $275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Chesapeake, Virginia LNG Facility Modernization. The Columbia Pipeline Group Operations segment is investing approximately $33 million to upgrade the facility and extend its associated customer contracts for 15 years. The project's first phase was completed in the fourth quarter of 2013. The remainder of the project is expected to be placed into service in the second quarter of 2015.

Washington County Gathering. The Columbia Pipeline Group Operations segment is constructing a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The approximate $120 million investment will include about 20 miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. The project is expected to be in service during the fourth quarter of 2015, with additional expansion expected as gas production grows.

Kentucky Power Plant. The Columbia Pipeline Group Operations segment is constructing nearly 3 miles of 16-inch greenfield pipeline from Columbia Transmission's Line P that will serve a third-party natural gas-fired electric generation plant in Kentucky. The project will cost approximately $24 million and will provide 72,000 Dth per day of capacity to the plant under an executed binding precedent agreement. The project is expected to be in service by the end of the second quarter of 2016.

Utica Access. The Columbia Pipeline Group Operations segment is investing approximately $51 million to construct nearly 5 miles of 20-inch greenfield pipeline to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service by the end of the fourth quarter of 2016.

Leach XPress. The Columbia Pipeline Group Operations segment will invest approximately $1.4 billion in this project. The project involves the installation of approximately 124 miles of 36-inch pipeline from Majorsville to the Crawford compressor station (Crawford) located on the Columbia Transmission system, and 27 miles of 36-inch pipeline from Crawford to the McArthur compressor station located on the Columbia Transmission system, and approximately 101,700 hp across multiple sites. The project will provide approximately 1.5 Bcf per day of capacity out of the Marcellus and Utica production regions to the Leach compressor station (Leach) located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. Virtually all of the project's capacity has been secured with long-term firm contracts. The project is expected to go in service during the fourth quarter of 2017.

Rayne XPress. The Columbia Pipeline Group Operations segment will invest approximately $330 million to modify existing facilities and to add new compression. This project would transport approximately 1 Bcf per day of growing southwest Marcellus and Utica production away from constrained production areas to markets and liquid transaction points. Capable of receiving gas from Columbia Transmission's Leach XPress project, gas would be transported from the Leach, Kentucky interconnect with Columbia Transmission in a southerly direction towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. Definitive agreements for firm service have been secured for the project's capacity. The project is expected to be placed in service by the end of the fourth quarter of 2017.

Table of Contents

Columbia Pipeline Group Operations

WB XPress. The Columbia Pipeline Group Operations segment will invest approximately $870 million in this project that will transport approximately 1.3 Bcf of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. Resolution of conditions precedent is anticipated in the fourth quarter of 2014. The project is expected to be placed in service during the fourth quarter of 2018.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the improvement to existing pipeline and the construction of new pipeline and compression facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately $310 million project will transport supplies from numerous supply basins to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service by the first quarter of 2018.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf per day. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and is constructing a NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream operates the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The facilities allow Pennant to be a full-service solution for providers in the northern Utica Shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, is approximately $195 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder placed in service in October 2014.

During the third quarter of 2014 , NiSource Midstream made cash contributions to Pennant totaling $9.0 million. Cash contributions of $41.9 million were made during the same period last year. For the nine months ended September 30, 2014 and 2013, NiSource Midstream made cash contributions to Pennant of $61.2 million and of $68.0 million, respectively.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013 and 2014, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 253 miles of pipeline and three compressor stations with approximately 43,000 hp of installed capacity under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the third quarter of 2014 and 2013 , Columbia Transmission made contributions of zero and $2.4 million, respectively, to Millennium. For the nine months ended September 30, 2014 and 2013 , Columbia Transmission made contributions of $2.6 million and $9.0 million, respectively, to fund its share of capital projects. During the third quarter of 2014 and 2013, Columbia Transmission received distributions of earnings of $14.2 million and $6.2 million, respectively. For the nine months ended September 30, 2014 and 2013 , Columbia transmission received distributions of earnings of $26.1 million and $17.1 million, respectively.

Millennium began two projects in 2012 that added approximately 30,000 hp of compression to its system. The first project went into service in June 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately \$50 million. The second project included a total investment of approximately \$40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service in March 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that consists of 29 storage wells in a depleted gas production field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage facilities interconnect with Columbia Transmission and include approximately 37 miles of pipeline and nearly 7,200 hp of installed capacity with a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During both the third quarter of 2014 and 2013 , NiSource received \$0.5 million of available accumulated earnings. For the nine months ended September 30, 2014 and 2013 , NiSource received \$1.5 million and \$1.9 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. For the quarter ended September 30, 2014 , approximately 94.6% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 3.6% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.7% and 4.1%, respectively, for the quarter ended September 30, 2013 . For the nine months ended September 30, 2014 , approximately 93.8% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.3% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.9% and 5.3% respectively, for the nine months ended September 30, 2013 .

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended September 30, 2014 and 2013 , approximately 1.8% and 2.2%, respectively, of the transportation revenues were derived from interruptible contracts. For the nine months ended September 30, 2014 and 2013 , approximately 2.0% and 1.8%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of September 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Table of Contents

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

NiSource Inc.

Columbia Pipeline Group Operations

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Market conditions on Columbia Gulf continue to support greater use of backhaul transportation services from supplies originating near Leach, Kentucky and its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 285.0 MMDth for the third quarter of 2014 , compared to 260.0 MMDth for the same period in 2013 . The increase of 25.0 MMDth reflected increased Marcellus natural gas production and favorable pricing conditions to third party interconnects in the Southeast region of the United States.

Throughput for the Columbia Pipeline Group Operations segment totaled 1,195.0 MMDth for the nine months ended September 30, 2014 , compared to 1,085.4 MMDth for the same period in 2013 . The increase of 109.6 MMDth was primarily attributable to increased natural gas production on the Columbia Pipeline Group system and the transportation of volumes to third party interconnects mentioned above.

Net Revenues

Net revenues were $317.6 million for the third quarter of 2014 , an increase of $35.0 million from the same period in 2013 . The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $15.6 million, increased demand margin revenue of $11.8 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of $5.9 million and increased condensate revenue of $2.6 million.

Net revenues were $1,006.5 million for the nine months ended September 30, 2014 , an increase of $148.9 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $87.6 million, increased demand margin revenue of $34.1 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of $20.5 million due to increased third party drilling activity and higher condensate revenue of $3.7 million.

Operating Income

Operating income was $94.4 million for the third quarter of 2014 , a decrease of $4.3 million from the third quarter of 2013 . Operating income decreased as a result of increased operating expenses, partially offset by higher net revenues, as described above, and higher equity earnings. Operating expenses were $40.8 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $15.6 million, higher employee and administrative expenses of $13.5 million, a decrease in gains on the sale of assets of $8.1 million primarily resulting from the sale of storage base gas in 2013, higher outside service costs of $5.8 million, and increased depreciation of $2.5 million. These increases were partially offset by a decrease in software data conversion costs of $7.5 million. Equity earnings increased $1.5 million due to higher earnings at Millennium.

Operating income was $357.0 million for the nine months ended September 30, 2014 , an increase of $36.0 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Operating expenses were $120.2 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $87.6 million, higher employee and administrative expenses of $24.4 million, increased depreciation of $8.8 million, higher outside service costs of $7.5 million and increased property taxes of $3.1 million. These increases were partially offset by an increase in the gain on the sale of assets of $9.5 million primarily resulting from conveyances of mineral interests of $20.8 million, offset by the sale of storage base gas in 2013 of $11.1 million and lower software data conversion costs of $7.5 million. Equity earnings increased $7.3 million due to higher earnings at Millennium attributable to growth projects placed in service.

Table of Contents

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

NiSource Inc.

Electric Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues				
Sales revenues	**$ 424.7**	$ 413.7	**$ 1,280.5**	$ 1,176.4
Less: Cost of sales (excluding depreciation and amortization)	**147.5**	142.2	**474.2**	408.4
Net Revenues	**277.2**	271.5	**806.3**	768.0
Operating Expenses				
Operation and maintenance	**120.5**	107.1	**355.2**	323.7
Depreciation and amortization	**62.4**	60.6	**182.9**	184.2
Gain on sale of assets	**—**	—	**(0.1)**	—
Other taxes	**17.4**	16.3	**49.6**	47.9
Total Operating Expenses	**200.3**	184.0	**587.6**	555.8
Operating Income	**$ 76.9**	$ 87.5	**$ 218.7**	$ 212.2
Revenues ($ in millions)				
Residential	**$ 122.3**	$ 122.1	**$ 335.7**	$ 326.1
Commercial	**122.4**	116.8	**337.3**	324.8
Industrial	**185.3**	155.3	**537.0**	467.0
Wholesale	**4.9**	3.1	**26.6**	20.8
Other	**(10.2)**	16.4	**43.9**	37.7
Total	**$ 424.7**	$ 413.7	**$ 1,280.5**	$ 1,176.4
Sales (Gigawatt Hours)				
Residential	**915.2**	1,000.5	**2,604.6**	2,633.7
Commercial	**1,031.6**	1,066.1	**2,932.0**	2,929.9
Industrial	**2,504.7**	2,337.2	**7,567.6**	6,913.1
Wholesale	**161.4**	108.6	**485.3**	664.6
Other	**36.4**	31.3	**104.7**	91.5
Total	**4,649.3**	4,543.7	**13,694.2**	13,232.8
Cooling Degree Days	**381**	531	**657**	781
Normal Cooling Degree Days	**570**	570	**799**	799
% Colder than Normal	**(33)%**	(7)%	**(18)%**	(2)%
Electric Customers				
Residential			**401,683**	401,174
Commercial			**54,383**	54,267
Industrial			**2,364**	2,371
Wholesale			**751**	728
Other			**4**	6
Total			**459,185**	458,546

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 459 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Table of Contents

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

NiSource Inc.

Electric Operations

Electric Supply

On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Electric Operations segment. As of September 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at $50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Sales

Electric Operations sales quantities for the third quarter of 2014 were 4,649.3 gwh, an increase of 105.6 gwh compared to the third quarter of 2013 . The 2.3% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Electric Operations sales quantities for the nine months ended September 30, 2014 were 13,694.2 gwh, an increase of 461.4 gwh compared to the same period in 2013. The 3.5% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Net Revenues

Net revenues were $277.2 million for the third quarter of 2014 , an increase of $5.7 million from the same period in 2013 . The increase in net revenues is due primarily to higher industrial and residential usage of $7.4 million, increased trackers, which are offset in expense, of $4.4 million and an increase in the return on the environmental capital investment recovery of $4.2 million due to an increased plant balance eligible for recovery. These increases were partially offset by the effects of weather of $10.3 million.

Net revenues were $806.3 million for the nine months ended September 30, 2014 , an increase of $38.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial and residential usage of $21.9 million, an increase in the return on the environmental capital investment recovery of $17.3 million due to an increased plant balance eligible for recovery. Additionally, there was increased net revenues of $4.1 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $3.9 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million and the effects of weather of $3.8 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended

Table of Contents

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

September 30, 2014 was a revenue decrease of $22.2 million and an increase of $8.6 million, respectively, compared to a revenue increase of $6.9 million and $6.6 million for the three and nine months ended September 30, 2013 , respectively.

Operating Income
For the third quarter of 2014 , Electric Operations reported operating income of $76.9 million, a decrease of $10.6 million from the comparable 2013 period. Operating income decreased as a result of increased operating expenses, partially offset by higher net revenues, as described above. Operating expenses increased $16.3 million due primarily to higher employee and administrative expenses of $5.3 million, an increase in trackers, which are offset in net revenues, of $4.4 million, higher electric generation costs of $3.4 million and increased storm damage costs of $3.3 million.

For the nine months ended September 30, 2014 , Electric Operations reported operating income of $218.7 million, an increase of $6.5 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $31.8 million due primarily to higher employee and administrative expenses of $15.3 million, increased electric generation costs of $14.3 million as a result of maintenance related outages and higher storm damage costs of $2.6 million.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
NiSource's Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource's disclosure controls and procedures are considered effective.

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

Table of Contents

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

On August 29, 2014, Pike County Conservation District issued an NOV to Columbia Transmission alleging violations of the Pennsylvania Clean Streams Law and Columbia Transmission's Erosion and Sediment Control General Permit in connection with Columbia Transmission's Line 1278 Replacement Project. Discussions are ongoing with the Pike County Conservation District to resolve this NOV.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ("Form 10-K"), except for the addition of the risk factors set forth below. The risks and uncertainties described below should be read in conjunction with the risk factors and other information disclosed in our Form 10-K.

The Proposed Separation may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits .

The Proposed Separation is subject to conditions, including, without limitation, final NiSource Board of Directors approval and the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource shareholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Unanticipated developments or changes in market conditions may delay the Proposed Separation, and the Proposed Separation may not occur on the currently contemplated timeline or at all.

NiSource cannot predict with certainty when the benefits expected from the Proposed Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Proposed Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors.

If the Proposed Separation is successfully completed, NiSource will face new and unique risks, including the possibility of reduced financial resources and less diversification of revenue sources, which may adversely impact NiSource's financial condition, results of operations and cash flows. In addition, the changes in our operational and financial profile may not meet some or all of our shareholders' investment strategies, which could cause investors to sell their NiSource shares and otherwise decrease demand for shares of NiSource common stock. Excess selling will cause the relative market price of NiSource common stock to decrease, and the market price of NiSource common stock may be subject to greater volatility following the completion of the Proposed Separation.

A condition to the Proposed Separation is the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource shareholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. However, even if we receive such an opinion, the Internal Revenue Service could determine on audit that the distribution is taxable. Both NiSource and our shareholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

Following the Proposed Separation, both NiSource and CPG are expected to have investment grade credit ratings. However, there is no assurance that this will occur, and even if both NiSource and CPG have investment grade credit ratings at the time the Proposed Separation is completed, there is no assurance that they will continue to maintain such investment grade credit ratings in the future.

Inability to complete the planned initial public offering of Columbia Pipeline Partners LP on the currently contemplated timeline or terms may adversely impact our stock price and our ability to enhance our growth potential .

On September 29, 2014, a registration statement relating to the proposed initial public offering, or IPO, of common units representing limited partner interests in Columbia Pipeline Partners LP was filed with the Securities and Exchange Commission but has not yet become effective. Completion of the registration is subject to market conditions and numerous other risks beyond our control, including, but not limited to, the general economy, credit markets, equity markets and energy prices. Therefore, it is possible that the master limited partnership will not complete an offering of securities, will not raise the planned amount of capital even if an offering of securities is completed, and will not be able to complete its proposed actions on the timetable indicated. Furthermore, the structure, nature, purpose, proposed assets and liabilities, and proposed manner of offering of the master limited partnership may change materially from those anticipated. If the IPO is not completed or is delayed, our stock price may decline and our growth potential may be negatively impacted.

A registration statement relating to common units of Columbia Pipeline Partners LP has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This quarterly report on Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offers, solicitations of offers to buy, or any sales of securities of Columbia Pipeline Partners LP will be made only in accordance with the registration requirements of the Securities Act of 1933 or an exemption therefrom.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Term Loan Agreement (the "Agreement") with the lenders party thereto, CoBank, ACB, as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and CoBank, ACB, as Joint Lead Arrangers and Joint Bookrunners dated August 20, 2014.
(31.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(32.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

Table of Contents

SIGNATURE

NiSource Inc.

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

NiSource Inc.
(Registrant)

Date: October 30, 2014

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

EXHIBIT 10.1

TERM LOAN AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS Party Hereto,

COBANK, ACB
as Syndication Agent,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

J.P. MORGAN SECURITIES LLC
and
COBANK, ACB,
Joint Lead Arrangers and Joint Bookrunners

Dated as of August 20, 2014

TABLE OF CONTENTS

Annexes, Exhibits and Schedules

ANNEX A	Pricing Grid
EXHIBIT A	Form of Assignment and Assumption
EXHIBIT B	Form of Opinion of Schiff Hardin LLP
EXHIBIT C	Borrowing Request
EXHIBIT D	[Intentionally Omitted]
EXHIBIT E	[Intentionally Omitted]
EXHIBIT F	Form of Note
EXHIBIT G	Interest Election Request
EXHIBIT H	Prepayment Notice
SCHEDULE 2.01	Lenders and Commitments
SCHEDULE 6.01(e)	Existing Agreements

TERM LOAN AGREEMENT , dated as of August 20, 2014 (this " ***Agreement*** "), among **NISOURCE FINANCE CORP.** , an Indiana corporation, as Borrower (the " ***Borrower*** "), **NISOURCE INC.** , a Delaware corporation (" ***NiSource*** "), as Guarantor (the " ***Guarantor*** "), the Lead Arrangers and other Lenders from time to time party hereto, **COBANK, ACB** , as Syndication Agent and **JPMORGAN CHASE BANK, N.A.** , as administrative agent for the Lenders hereunder (in such capacity, the " ***Administrative Agent*** ").

The parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

" ***ABR*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate.

" ***Administrative Questionnaire*** " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" ***Affiliate*** " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

" ***Agent Party*** " has the meaning assigned to such term in Section 11.01(g).

" ***Aggregate Commitments*** " means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal $750,000,000.

" ***Alternate Base Rate*** " means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 1.0% per annum plus the LIBO Rate applicable to an Interest Period of one month on such day (or if such day is not a Business Day, the immediately preceding Business Day), provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate, respectively.

" ***Anti-Corruption Laws*** " means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

" ***Applicable Percentage*** " means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender's Commitment; provided that, in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the aggregate principal amount of Outstanding Loans made or maintained by such Lender as a percentage of all Outstanding Loans; provided that, in the event that a Defaulting Lender shall exist, in accordance with Section 2.20, "Applicable Percentage" shall mean the percentage of all Outstanding Loans (disregarding any Defaulting Lender's Outstanding Loans) represented by such Lender's Outstanding Loans.

" ***Applicable Rate*** " means, for any day, (a) with respect to any ABR Loan, the applicable rate per annum set forth adjacent to the caption "ABR Loans" on the Pricing Grid and (b) with respect to any Eurodollar Loan, the applicable rate per annum set forth adjacent to the caption "Eurodollar Loans" on the Pricing Grid.

" ***Arrangers*** " means each of J.P. Morgan Securities LLC and CoBank, ACB.

" ***Assignment and Assumption*** " means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

" ***Authorized Officer*** " means the president, chief financial officer or the treasurer of the Borrower; provided that solely with respect to the submission of a Borrowing Request, " ***Authorized Officer*** " shall also mean the assistant treasurer or the treasury operations manager of the Borrower.

" ***Bankruptcy Event*** " means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

" ***Beneficiary*** " has the meaning set forth in Section 10.01.

" ***Board*** " means the Board of Governors of the Federal Reserve System of the United States of America.

" ***Borrower*** " means NiSource Finance Corp., an Indiana corporation.

" ***Borrowing*** " means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" ***Borrowing Request*** " means the request by the Borrower for the Borrowing in accordance with Section 2.02.

" ***Business Day*** " means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurodollar Loan, the term " ***Business Day*** " shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

" ***Capital Lease*** " means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

" ***Capital Stock*** " means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

" ***CERCLA*** " means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42, U.S.C. Section 9601 et seq., as amended.

" ***Change in Law*** " means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided , however , that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

" ***Change of Control*** " means (a) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, shall become the "beneficial owner" (as defined in Rule 13d−3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor, (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the

outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity; (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock; (e) there shall occur a sale of all or substantially all of the assets of the Guarantor; or (f) the Borrower, NIPSCO or Columbia shall cease to be a Wholly-Owned Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

" ***Code*** " means the Internal Revenue Code of 1986, as amended from time to time.

" ***Columbia*** " means Columbia Energy Group, a Delaware corporation.

" ***Commitment*** " means, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth herein. The amount of each Lender's Commitment is the amount set forth on Schedule 2.01 opposite such Lender's name.

" ***Communications*** " has the meaning assigned to such term in Section 11.01(g).

" ***Connection Income Taxes*** " means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

" ***Consolidated Capitalization*** " means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

" ***Consolidated Debt*** " means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

" ***Consolidated Subsidiary*** " means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

" ***Contingent Guaranty*** " means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

" ***Continuing Directors*** " means (a) all members of the board of directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the board of directors of the Guarantor who were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

" ***Contractual Obligation*** " means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

" ***Control*** " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " ***Controlling*** " and " ***Controlled*** " have meanings correlative thereto.

" ***Credit Documents*** " means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Assumptions, (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01 and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

" ***Credit Party*** " means each of the Borrower and the Guarantor; and " ***Credit Parties*** " means the Borrower and the Guarantor, collectively.

" ***Creditor Party*** " means the Administrative Agent or any other Lender.

" ***Debt for Borrowed Money*** " means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

" ***Debt to Capitalization Ratio*** " means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

" ***Default*** " means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

" ***Defaulting Lender*** " means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Creditor Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding set forth in Section 3.02 (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Creditor Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement set forth in Section 3.02 cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Creditor Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Creditor Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

" ***Dollars*** " or " ***$*** " refers to lawful money of the United States of America.

" ***Effective Date*** " means the date on which each of the conditions precedent set forth in Section 3.01 have been satisfied or waived by the Administrative Agent in accordance with Section 11.02.

" ***Electronic Signature*** " means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

" ***Electronic System*** " means any electronic system, including (i) e-mail, (ii) e-fax, (iii) Intralinks®, ClearPar® and (iv) any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

" ***Environmental Laws*** " means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Materials, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

" ***Environmental Liability*** " means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" ***ERISA*** " means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

" ***ERISA Affiliate*** " means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor's controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

" ***ERISA Event*** " means (a) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (c) the withdrawal by the Guarantor or an ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302 of ERISA, for which Section 303(k) imposes a lien for failure to make required payments, or (e) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

" ***Eurocurrency Liabilities*** " has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

" ***Eurodollar*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

" ***Eurodollar Rate Reserve Percentage*** " of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

" ***Event of Default*** " has the meaning assigned to such term in Article VIII.

" ***Excluded Taxes*** " means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net earnings (i) by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located, (c) in case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(d)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.17 (e) when legally able to do so and (d) any U.S. Federal withholding Taxes imposed under FATCA.

" ***Extension of Credit*** " means the making by any Lender of a Loan.

" ***FATCA*** " means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

" ***Federal Bankruptcy Code*** " means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

" ***Federal Funds Effective Rate*** " means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" ***Foreign Lender*** " means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" ***GAAP*** " means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) and (f).

" ***Governmental Authority*** " means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

" ***Guarantor*** " means NiSource.

" ***Guaranty*** " means the guaranty of the Guarantor pursuant to Article X of this Agreement.

" ***Hazardous Materials*** " means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto; or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, without limitation, substances defined as "hazardous substances," "hazardous materials," "contaminants," "pollutants," "hazardous wastes," "toxic substances," "solid waste," or "extremely hazardous substances" in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law, in each case, as may be amended from time to time.

" ***Impacted Interest Period*** " has the meaning assigned to such term in the definition of "LIBO Rate".

" ***Indebtedness*** " of any Person means (without duplication) (a) Debt for Borrowed Money, (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue, (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers' acceptances or interest rate, currency or commodity swap, cap or floor arrangements, (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed, (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

" ***Indemnified Taxes*** " means Taxes other than (a) Excluded Taxes and (b) Other Taxes imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under the Credit Documents.

" ***Indemnitee*** " has the meaning set forth in Section 11.03.

" ***Index Debt*** " means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a Person other than the Guarantor.

" ***Ineligible Institution*** " has the meaning assigned to such term in Section 11.04(b).

" ***Information*** " has the meaning set forth in Section 11.12.

" ***Insufficiency*** " means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all

determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan's normal cost for purposes of Section 412(b)(2)(A) of the Code.

" ***Interest Election Request*** " means a request by the Borrower to convert or continue all or a portion of any Borrowing in accordance with Section 2.06.

" ***Interest Payment Date*** " means (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, the day that is three months after the first day of such Interest Period and (c) with respect to any Loan, the Maturity Date.

" ***Interest Period*** " means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one week or one, two, three or six months thereafter, as the Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the Effective Date and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

" ***Interpolated Rate*** " means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available) that is shorter than the Impacted Interest Period and (b) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

" ***Lenders*** " means the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

" ***LIBO Rate*** " means, with respect to any Eurodollar Borrowing for any applicable Interest Period, the London interbank offered rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion (in each case the " ***LIBOR Screen Rate*** ") at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period; provided that, if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided , further , that if a LIBOR Screen Rate shall not be available at such time for such Interest Period (the " ***Impacted Interest Period*** "), then the LIBO Rate for such Interest Period shall be the Interpolated Rate; provided, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of "LIBO Rate" shall be subject to Section 2.14.

" ***LIBOR Screen Rate*** " has the meaning assigned to such term in the definition of "LIBO Rate".

" ***Lien*** " has the meaning set forth in Section 6.01(a).

" ***Loans*** " means the loans made by the Lenders to the Borrower pursuant to this Agreement.

" ***Margin Stock*** " means margin stock within the meaning of Regulations U and X issued by the Board.

" ***Material Adverse Effect*** " means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder; or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

" ***Material Subsidiary*** " means at any time the Borrower, NIPSCO, Columbia, and each Subsidiary of the Guarantor, other than the Borrower, NIPSCO and Columbia, in respect of which:

(a) the Guarantor's and its other Subsidiaries' investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or

(b) the Guarantor's and its other Subsidiaries' proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year; or

(c) the Guarantor's and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year.

" ***Maturity Date*** " means the earliest of (a) August 18, 2017 and (b) the date upon which (i) the Commitments are terminated if not previously expired and (ii) amounts payable under this Agreement are accelerated pursuant to Section 8.01 or otherwise.

" ***Moody's*** " means Moody's Investors Service, Inc., and any successor thereto.

" ***Multiemployer Plan*** " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

" ***Multiple Employer Plan*** " means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Borrower or an ERISA Affiliate and at least one Person other than the Borrower and its ERISA Affiliates, or (b) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

" ***NIPSCO*** " means Northern Indiana Public Service Company, an Indiana corporation.

" ***Non-Recourse Debt*** " means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for non-payment of such Indebtedness is limited (a) to such assets or (b) if such assets are (or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

" ***Obligations*** " means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

" ***OFAC*** " means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

" ***Other Connection Taxes*** " means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

" ***Other Taxes*** " means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

" ***Outstanding Loans*** " means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding.

" ***Parent*** " means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

" ***Participant*** " has the meaning set forth in Section 11.04.

" ***Participant Register*** " has the meaning set forth in Section 11.04.

" ***PBGC*** " means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

" ***Person*** " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" ***Plan*** " means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" ***Pricing Grid*** " means the pricing grid attached hereto as Annex A.

" ***Prime Rate*** " means the rate of interest *per annum* publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

" ***Project*** " means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

" ***Project Financing*** " means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop or (b) activities incidental thereto; *provided* that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing Subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

" ***Project Financing Subsidiary*** " means any Subsidiary of the Guarantor (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

" ***Recipient*** " means, as applicable, (a) the Administrative Agent and (b) any Lender.

" ***Register*** " has the meaning set forth in Section 11.04.

" ***Related Parties*** " means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person's Affiliates.

" ***Required Lenders*** " means, subject to the terms of Section 2.20, Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the aggregate amount of the Outstanding Loans of all Lenders.

" ***Responsible Officer*** " of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

" ***Sanctioned Country*** " means, at any time, a country or territory which is the subject or target of any Sanctions.

" ***Sanctioned Person*** " means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

" ***Sanctions*** " means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

" ***S&P*** " means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

" ***Subsidiary*** " means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other managers of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

" ***Substantial Subsidiaries*** " has the meaning set forth in Section 8.01.

" ***Syndication Agent*** " means CoBank, ACB, in its capacity as syndication agent for the Lenders hereunder.

" ***Taxes*** " means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, penalties and additions to tax imposed thereon or in connection therewith.

" ***Transactions*** " means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans hereunder.

" ***Type*** ", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising the Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

" ***Utility Subsidiary*** " means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

" ***Wholly-Owned Subsidiary*** " means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors' qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

" ***Withdrawal Liability*** " means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a " ***Eurodollar Loan*** "). Borrowings also may be classified and referred to by Type (e.g., a " ***Eurodollar Borrowing*** ").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms "knowledge of", "awareness of" and "receipt of notice of" in relation to a Credit Party, and other similar expressions, mean knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

ARTICLE II
THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make a term loan to the Borrower in Dollars on the Effective Date in a single Borrowing in an aggregate principal amount equal to such Lender's Commitment. Amounts repaid or prepaid in respect of the Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowing; Request for Borrowing.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make the Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make its Loan as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans or some combination thereof as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $5,000,000 and not less than $10,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five Eurodollar Borrowings outstanding under this Agreement.

(d) To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing; provided that the Administrative Agent shall have received a written indemnification letter substantially consistent with the terms of Section 2.16 concurrently with such request or (ii) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Borrowings on the Effective Date may be Eurodollar Borrowings. Such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit C (or such other form as shall be approved by the Administrative Agent) signed by an Authorized Officer of the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

(i) the date of such Borrowing, which shall be a Business Day;

(ii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing and the aggregate amount of each Type of Borrowing (if applicable); and

(iii) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of the Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. [Intentionally Omitted].

SECTION 2.04. [Intentionally Omitted].

SECTION 2.05. Funding of Borrowings.

(a) Each Lender shall make the Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent's office in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections.

(a) Each Borrowing initially shall be of the Type or Types specified in the Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request, subject to Section 2.02(d)(i). Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of such Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; provided, however, with regard to any election pursuant to this Section 2.06 related to a Eurodollar Borrowing, notice of election shall be delivered not later than 11:00 a.m., New York City time, three (3) Business Days prior to effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit G (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions of such Borrowing, the portions thereof to be allocated to each resulting Type of

Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Type of Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such portion of the Borrowing is repaid as provided herein, at the end of such Interest Period such portion of the Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination of Commitments. Unless previously terminated, the Commitments shall terminate at 5 p.m. Chicago Time on the Effective Date.

SECTION 2.08. [Reserved].

SECTION 2.09. [Reserved].

SECTION 2.10. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from the Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in substantially the form of Exhibit F. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Optional Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a prepayment notice in substantially the form of Exhibit H (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, it being understood that the foregoing minimum shall not apply to the prepayment in whole of the outstanding Loans of all Lenders. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

SECTION 2.12. Fees. The Borrower agrees to pay to the Arrangers and the Administrative Agent, in each case, for its own account and for the account of the other Persons entitled thereto, the fees provided for in the applicable fee letters dated July 18, 2014 and July 30, 2014, executed and delivered with respect to the credit facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds. All fees payable hereunder shall be paid in immediately available funds. Fees due and paid shall not be refundable under any circumstances.

SECTION 2.13. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein; or

(iii) subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) imposed on or with respect to any payment made by or on account of any obligations of any Credit Party under the Credit Documents) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Administrative Agent or such Lender of making, continuing, converting to or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by the Administrative Agent or such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent or such Lender, as the case may be, such additional amount or amounts as will compensate the Administrative Agent or such Lender for such additional costs incurred or reduction suffered.

(a) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(b) A certificate of a Lender setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(d) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

(e) If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund Eurodollar Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto, or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that if any Credit Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Credit Party shall make such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (and for any Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the laws of the jurisdiction in which the Borrower or the Guarantor is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with an additional original or a photocopy, as required under applicable rules and procedures, to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as shall be necessary to permit such payments to be made without withholding or at a reduced rate. Further, in those circumstances as shall be necessary to allow payments hereunder to be made free of (or at a reduced rate of) withholding tax, each other Lender and the Administrative Agent, as applicable, shall deliver to Borrower such documentation as the Borrower may reasonably request in writing.

(f) Except with the prior written consent of the Administrative Agent, all amounts payable by a Credit Party hereunder shall be made by such Credit Party in its own name and for its own account from within the United States of America by a payor that is a United States person (within the meaning of Section 7701 of the Code).

(g) If a payment made to a Lender under any Credit Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471 (b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its office listed in Section 11.01(b), except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans or other Obligations, as applicable; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the affected Guarantor in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) None of the funds or assets of the Borrower that are used to pay any amount due pursuant to this Agreement shall constitute funds obtained from transactions with or relating to Anti-Corruption Laws or Sanctions.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders.

(a) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, without limitation, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities, if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(b) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(c) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(d) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 11.04, provided that the Administrative Agent may, in its sole discretion, elect to waive the $3,500 processing and recordation fee in connection therewith), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender, the Outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.02); provided, that this Section 2.20 shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby

In the event that the Administrative Agent and the Borrower agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Applicable Percentage of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III
CONDITIONS

SECTION 3.01. Conditions Precedent to the Effectiveness of this Agreement. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(a) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to certain fee letters executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Effective Date (including, without limitation, all fees owing on the Effective Date under Section 2.12 hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(c) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(d) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Effective Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(e) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by a the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date, certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above, (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Effective Date, (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be, (D) the truth, in all material respects, of the representations and warranties contained in the Credit Documents to which the Borrower or the Guarantor is a party, as the case may be, as though made on and as of the Effective Date, and (E) the absence, as of the Effective Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(f) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Effective Date.

(g) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

SECTION 3.02. Conditions Precedent to Each Extension of Credit. The obligation of each Lender to make any Extension of Credit (including the initial Extension of Credit but excluding any conversion or continuation of any Loan) shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(a) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(g)) shall be true and correct in all material respects on and as of the date of such Extension of Credit, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by "materiality," "Material Adverse Effect" or similar language in the text thereof.

(b) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01 and 2.02, as applicable.

(c) At the time of and immediately after giving effect to such Extension of Credit, no Default or Event of Default shall have occurred and be continuing.

(d) The Administrative Agent shall have timely received a Borrowing Request.

Each Extension of Credit and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Credit Parties. Each of the Borrower and the Guarantor represents and warrants as follows:

(a) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(b) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party's charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(d) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) The consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2013, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the fiscal year then ended, copies of which have been made available or furnished to each Lender, fairly present the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(f) The unaudited consolidated balance sheet of the Guarantor and its Subsidiaries as at June 30, 2014, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the six-month period then ended, copies of which have been made available or furnished to each Lender, fairly present (subject to year end audit adjustments) the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(g) Since December 31, 2013, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties or of Columbia.

(h) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(i) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

(j) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(k) Schedule B (Actuarial Information) to the 2013 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(l) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(m) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title VI of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(n) No Credit Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(o) Each Credit Party has filed all tax returns (Federal, state and local) required to be filed by it and has paid or caused to be paid all taxes due for the periods covered thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(p) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(q) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01(e).

(r) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

(s) Each Credit Party and its Subsidiaries have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Credit Party and its Subsidiaries and their respective officers and employees and to the knowledge of such Credit Party and its Subsidiaries, its respective directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Credit Parties or its Subsidiaries or to the knowledge of such Credit Party or its Subsidiaries, any of their respective directors, officers or employees, or (b) to the knowledge of the Credit Parties, any agent of the Credit Parties or any of their respective Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing, use of proceeds or other Transactions will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE V
AFFIRMATIVE COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(a) ***Compliance with Laws, Etc.*** (i) Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, any of the foregoing relating to employee health and safety or public utilities and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect and (ii) maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) ***Maintenance of Properties, Etc.*** Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) ***Payment of Taxes, Etc.*** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; *provided, however,* that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(d) ***Maintenance of Insurance*** . Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(e) ***Preservation of Corporate Existence, Etc.*** Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; *provided that* that no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders.

(f) ***Visitation Rights*** . At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(g) ***Keeping of Books*** . (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(h) ***Reporting Requirements*** . Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal quarter ending September 30, 2014, balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal year ending December 31, 2014, a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Borrower's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S-8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition of material Withdrawal Liability by a Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(h);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody's, a notice of such changed rating; and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties' obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor's website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or the Borrower of notice to the Administrative Agent and the Lenders, within the time period required by such clause, that such documents or information are so available.

(i) ***Use of Proceeds*** . Use the proceeds of the Loans hereunder for working capital and other general corporate purposes, including refinancing of existing indebtedness and not request any Borrowing, nor use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing directly or indirectly (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(j) ***Ratings*** . At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI
NEGATIVE COVENANTS

SECTION 6.01. Negative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, no Credit Party will, without the written consent of the Required Lenders:

(a) ***Limitation on Liens*** . Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, " ***Liens*** ") upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; *provided, however,* that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement; or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof, provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; *provided* that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; *provided* that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); *provided, however,* that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor's original cost of the property subject to such lease at the time of extension, renewal or replacement, *less* (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor's investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(x) Any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed $150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with; and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(b) ***Mergers, Etc.*** Merge or consolidate with or into, or, except in a transaction permitted under paragraph (c) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor, *provided* that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor; and

(ii) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, provided that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(iii) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor, *provided* that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(iv) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; provided that in each case under this clause (iii), immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, NIPSCO or Columbia, as the case may be, shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation; and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(c) ***Sales, Etc. of Assets*** . Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; *provided* that the foregoing shall not prohibit any such sale, conveyance, lease, transfer or other disposition that (i) constitutes realization on a Lien permitted to exist under Section 6.01(a); or (ii) (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2013.

(d) ***Compliance with ERISA*** . (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(e) ***Certain Restrictions*** . Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; *provided* that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e), (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, *provided* that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII
FINANCIAL COVENANT

So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII
EVENTS OF DEFAULT

SECTION 8.01. Events of Default. If any of the following events (" ***Events of Default*** ") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three Business Days after when the same becomes due and payable; or

(b) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(c) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e), 5.01(f), 5.01(h), 5.01(i), 6.01 or Article VII; or

(d) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (a), (b) or (c) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least $50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur; or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f); or

(g) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is $100,000,000 or more (collectively, " ***Substantial Subsidiaries*** ") shall generally not pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur; or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) Any judgment or order for the payment of money in excess of $50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (f) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than $10,000,000 (when aggregated with paragraphs (j), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(j) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000 or requires payments exceeding $10,000,000 *per annum* (in either case, when aggregated with paragraphs (i), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(k) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $10,000,000 (when aggregated with paragraphs (i), (j) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(l) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 303(k)(1) of ERISA and the amount determined under Section 303(k)(3) of ERISA is equal to or greater than $10,000,000 (when aggregated with paragraphs (i), (j) and (k) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(m) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing; or

(n) Any Change of Control shall occur;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided* that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE IX
THE ADMINISTRATIVE AGENT

SECTION 9.01. The Administrative Agent.

(a) Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(c) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(d) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(f) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor, *provided* that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of $500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(g) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(h) No Lender identified on the signature pages of this Agreement as a "Lead Arranger" or "Syndication Agent", or that is given any other title hereunder other than "Administrative Agent", shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a "Lead Arranger" or "Syndication Agent" or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

(i) Notwithstanding anything to the contrary herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and in the other Credit Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.01 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iiii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a Bankruptcy Event relative to any Credit Party; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.01 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.18(c), any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

ARTICLE X
GUARANTY

SECTION 10.01. The Guaranty.

(a) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a " ***Beneficiary*** " and collectively, the " ***Beneficiaries*** ") the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the " ***Guaranty*** ".

(b) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person); (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto; (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations; (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(c) The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments have been terminated and the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(d) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(e) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(f) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(g) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

SECTION 10.02. Waivers.

(a) The Guarantor hereby unconditionally waives: (i) promptness and diligence; (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty; (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section 10 might constitute grounds for relieving the Guarantor of its obligations hereunder; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor's obligations hereunder.

(b) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(c) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor's execution, delivery or performance of this Guaranty.

(d) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower's financial condition and of other circumstances affecting the Borrower's ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Credit Party, to it at:

801 East 86 th Avenue
Merrillville, Indiana 46410
Attention: Vice President, Treasurer and Chief Risk Officer
Telecopier: (219) 647-6188;

with a copy to such Credit Party at:

801 East 86 th Avenue
Merrillville, Indiana 46410
Attention: Assistant Treasurer
Telecopier: (219) 647-6116;

(b) if to the Administrative Agent, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com;

with a copy, except with respect to the Borrowing Request and any Interest Election Request, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street
Floor 9, Mail Code IL1-0090
Chicago, IL 60603
Attention: Nancy Barwig
Telecopier: 312-732-1762
Telephone: 312-732-1838
Email: nancy.r.barwig@jpmorgan.com;

with a copy, except with respect to the Borrowing Request and any Interest Election Request, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street, 9th Floor
Mail Code IL1-0874
Chicago, IL 60603
Attention: Roman Walczak
Telecopier: 312-325-3238
Telephone: 312-325-3155
Email: roman.walczak@jpmorgan.com;

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (e) below, shall be effective as provided in said paragraph (e).

(d) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(e) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website, including an Electronic System, shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(f) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(g) Electronic Systems.

(i) The Borrower and each Lender agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) and the Credit Parties do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party or any Credit Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") or the Credit Parties have any liability to any Credit Party, any Lender, Administrative Agent or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of Communications through an Electronic System, except to the extent that such damages, losses or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Credit Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 11.02. Waivers; Amendments.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower, the Guarantor and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the effectiveness of this Agreement set forth in Section 3.01 without the written consent of each Lender or (vii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 11.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, (i) the Borrower shall not assert, and does hereby waive, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) without limiting the rights of indemnification of any Indemnitee set forth in this Agreement with respect to liabilities asserted by third parties, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

for.

SECTION 11.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, (i) except to the extent permitted pursuant to Section 6.01(b)(ii) and (iii), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(i) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of such Lender's Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) without the prior written consent of the Administrative Agent, no assignment shall be made to a prospective assignee that bears a relationship to the Borrower described in Section 108(e)(4) of the Code; and

(F) no assignment shall be made to any Affiliate of any Credit Party.

For the purposes of this Section 11.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the " ***Register*** "). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of or notice to the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a " ***Participant*** "), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the " ***Participant Register*** "); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, to a Federal Reserve Bank or any central bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 11.05. Survival. All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the credit facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of an original executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 11.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender or any Affiliate thereof is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Credit Party against any of and all the Obligations now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 11.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 11.10. WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, " ***Information*** " means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; *provided* that, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 11.13. USA PATRIOT Act . Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

SECTION 11.14 Acknowledgments . Each of the Guarantor and the Borrower hereby acknowledges that:

(a) it has been advised by and consulted with its own legal, accounting, regulatory and tax advisors (to the extent it deemed appropriate) in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither any Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to the Guarantor or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Arranger, the Administrative Agent and the Lenders, on one hand, and the Guarantor and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and, to the fullest extent permitted by law, each of the Guarantor and the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby;

(c) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and

(d) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arrangers, the Administrative Agent and the Lenders or among the Guarantor, the Borrower and the Lenders.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By: ______________________________
Name:
Title:

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By: ______________________________
Name:
Title:

Federal Tax Identification Number: 35-2108964

JPMORGAN CHASE BANK, N.A., as a Lender and as Administrative Agent

By: ______________________________
Name:
Title:

COBANK, ACB, as a Lender

By: ______________________________
Name:
Title:

[OTHER LENDERS], as a Lender

By: ______________________________
Name:
Title:

Annex A

PRICING GRID

The "Applicable Rate" for any day with respect to any Eurodollar Loan or ABR Loan, as the case may be, is the percentage set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Level I	Level II	Level III	Level IV	Level V
Eurodollar Loans (basis points)	75	87.5	100.0	112.5	150
ABR Loans (basis points)	0	0	0	12.5	50

For purposes of this Pricing Grid, the following terms have the following meanings (as modified by the provisos below):

" ***Level I Status*** " exists at any date if, at such date, the Index Debt is rated either A- or higher by S&P or A3 or higher by Moody's.

" ***Level II Status*** " exists at any date if, at such date, the Index Debt is rated either BBB+ by S&P or Baa1 by Moody's.

" ***Level III Status*** " exists at any date if, at such date, the Index Debt is rated either BBB by S&P or Baa2 by Moody's.

" ***Level IV Status*** " exists at any date if, at such date, the Index Debt is rated either BBB- by S&P or Baa3 by Moody's.

" ***Level V Status*** " exists at any date if, at such date, the Index Debt is rated either BB+ by S&P or lower or Ba1 by Moody's or lower, or, no other Status exists.

" ***Status*** " refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists at any date.

The credit ratings to be utilized for purposes of this Pricing Grid are those assigned to the Index Debt, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

Provided, that the applicable Status shall change as and when the applicable Index Debt ratings change.

Provided further, that if the Index Debt is split-rated, the applicable Status shall be determined on the basis of the higher of the two ratings then applicable; *provided further, that,* if the Index Debt is split-rated by two or more levels, the applicable Status shall instead be determined on the basis of the rating that is one level above the lower of the two ratings then applicable.

Provided further, that if both Moody's and S&P, or their successors as applicable, shall have ceased to issue or maintain such ratings, then the applicable Status shall be Level V.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " Assignment and Assumption ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Agreement identified below (as amended, the " Loan Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________

[and is an affiliate/ Approved fund of [identify Lender] [1]]

3. Borrower(s): NiSource Finance Corp., an Indiana corporation

4. Administrative Agent: JPMorgan Chase Bank, as the administrative agent under the Loan Agreement

5. Loan Agreement: The Term Loan Agreement dated as of August 20, 2014 among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Loans for all Lenders	Amount of Loans Assigned	Percentage Assigned of Loans [2]
$	$	%
$	$	%
$	$	%

[1] Select as applicable.

[2] Set forth, so at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

Effective Date: ____________ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: ______________________________

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By:______________________________

Title:

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By:______________________________

Title:

[NISOURCE FINANCE CORP., as Borrower] [3]

By:______________________________

Title:

[3] To be added only if the consent of the Borrower is required by the terms of the Loan Agreement.

ANNEX I

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it satisfies the requirements, if any, specified in the Loan Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(h) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (vi) it does not bear a relationship to the Borrower described in Section 108(e)(4) of the Code; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

FORM OF OPINION OF SCHIFF HARDIN LLP

EXHIBIT C

FORM OF BORROWING REQUEST

BORROWING REQUEST

Date: ________, ____

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Borrowing, as follows:

1. In the aggregate amount of $________.

2. On ________, 201_ (a Business Day).

3. Comprised of a [ABR] [Eurodollar] Borrowing.

[4. With an Interest Period of ___ months.] Insert if a Eurodollar Borrowing.

[4][5]. The Borrower's account to which funds are to be disbursed is:
Account Number: __________
Location: _________________

This Borrowing Request and the Borrowing requested herein comply with the Agreement, including Sections 2.01, 2.02 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: ________________________
Name:
Title: ______________________________

[4] Insert if a Eurodollar Borrowing.

EXHIBIT D

[Intentionally Omitted]

EXHIBIT E

[Intentionally Omitted]

EXHIBIT F

FORM OF NOTE

NOTE

FOR VALUE RECEIVED, the undersigned (the " Borrower "), hereby promises to pay to _________________ or registered assigns (the " Lender "), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Loan made by the Lender to the Borrower under that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between the Borrower, NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto. The Borrower promises to pay interest on the aggregate unpaid principal amount of each Loan made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's office pursuant to the terms of the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the promissory notes referred to in Section 2.10(e) of the Agreement, is one of the Credit Documents, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

NISOURCE FINANCE CORP.

By: _________________
Name:
Title:

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT G

FORM OF INTEREST ELECTION REQUEST

INTEREST ELECTION REQUEST

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

This Interest Election Request is delivered to you pursuant to Section 2.06 of the Agreement and relates to the following:

1. A conversion of a Borrowing A continuation of a Borrowing (select one).

2. In the aggregate principal amount of $________.

3. which Borrowing is being maintained as a [ABR Borrowing] [Eurodollar Borrowing with an Interest Period ending on ________, 201_].

4. (select relevant election)

If such Borrowing is a Eurodollar Borrowing, such Borrowing shall be continued as a Eurodollar Borrowing having an Interest Period of [[one week] or [__] months].

If such Borrowing is a Eurodollar Borrowing, such Borrowing shall be converted to an ABR Borrowing.

If such Borrowing is an ABR Borrowing, such Borrowing shall be converted to a Eurodollar Borrowing having an Interest Period of [[one week] or [__] months].

5. Such election to be effective on ________, 201_ (a Business Day).

This Interest Election Request and the election made herein comply with the Agreement, including Section 2.06 of the Agreement.

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _______, ____

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

This Prepayment Notice is delivered to you pursuant to Section 2.11 of the Agreement. The Borrower hereby gives notice of a prepayment of Loans as follows:

1. (select Type(s) of Loans)

☐ ABR Loans in the aggregate principal amount of $________.

☐ Eurodollar Loans with an Interest Period ending ______, 201_ in the aggregate principal amount of $________.

2. On _________, 201_ (a Business Day).

This Prepayment Notice and prepayment contemplated hereby comply with the Agreement, including Section 2.11 of the Agreement.

NISOURCE FINANCE CORP.

By: ___________________
Name:
Title:

Schedule 2.01
(Term Loan Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
JPMorgan Chase Bank, N.A.	10 S. Dearborn Street Chicago, IL 60603	10 S. Dearborn Street Chicago, IL 60603	$85,000,000	11.333333%
CoBank, ACB	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	11.333333%
The Bank of Nova Scotia	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
Mizuho Bank (USA)	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
PNC Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
Royal Bank of Canada	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
The Royal Bank of Scotland plc	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
Wells Fargo Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$62,500,000	8.333333%
The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	$20,000,000	2.666667%
Fifth Third Bank	On file with the Administrative Agent	On file with the Administrative Agent	$20,000,000	2.666667%
The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	$20,000,000	2.666667%
Keybank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$20,000,000	2.666667%
TOTAL			**$750,000,000**	**100.000000%**

Schedule 6.01(e)

EXISTING AGREEMENTS

Receivables Purchase Agreements and Receivables Sales Agreement of (a) Columbia Gas of Ohio Receivables Corporation, (b) Columbia Gas of Pennsylvania Receivables Corporation, (c) NIPSCO Accounts Receivables Corporation and (d) any renewal, modification, extension or replacement of the above, in each case, to provide for receivables financings upon terms and conditions not materially more restrictive on the Guarantor and its Subsidiaries, taken as a whole, than the terms and conditions of such renewed, modified, extended or replaced facility.

Exhibit 31.1

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

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2014 ;

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

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

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

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

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

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

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

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

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

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

Date: October 30, 2014 By: /s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Exhibit 31.2

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

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2014 ;

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

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

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

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

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

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

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

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

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

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

Date: October 30, 2014

By: /s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., 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/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: October 30, 2014

Exhibit 32.2

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, 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/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: October 30, 2014

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-002:

Please supply copies of the Company's balance sheets for each month/quarter for the last two years.

Response:

Please see GAS-ROR-002 Attachment A, which provides the monthly Company balance sheets from December 2013 through November 2015.

DATE: 01/22/14 09:23:30

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF DECEMBER 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,433,812,765	11,993,254	160,009,063	160,009,063
ACCUMULATED DEPRECIATION AND DEPLETION	328,786,953	10,091	16,468,613	16,468,613
NET PROPERTY, PLANT AND EQUIPMENT	1,105,025,812	11,983,163	143,540,450	143,540,450
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,010,573	(364,030)	(3,573,876)	(3,573,876)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1		1	1
FROM ASSOCIATED COMPANIES	50,267,382	19,135,981	(4,934,332)	(4,934,332)
*OTHER	1			
GAS INVENTORY	87,496,567	(21,871,893)	14,374,670	14,374,670
OTHER INVENTORIES	616,360	(25,404)	(76,429)	(76,429)
PREPAYMENTS	2,342,015	(423,121)	(27,091)	(27,091)
REGULATORY ASSETS CURRENT	6,920,425	(574,126)	(2,355,117)	(2,355,117)
OTHER CURRENT ASSETS	473,246	200,688	173,290	173,290
TOTAL CURRENT ASSETS	150,126,570	(3,921,905)	3,581,116	3,581,116
INVESTMENT IN SUBSIDIARY	17,606,327	48,736	352,515	352,515
REGULATORY ASSETS LONG TERM	264,131,946	(2,592,003)	(10,184,401)	(10,184,401)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	82,163,837	525,344	10,895,770	10,895,770
TOTAL ASSETS	1,619,054,492	6,043,335	148,185,450	148,185,450
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977	1	7,400	7,400
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	422,051,995	13,549,099	48,452,348	48,452,348
TOTAL COMMON STOCK EQUITY	474,866,778	13,549,100	48,459,748	48,459,748
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006	32,000,000	54,999,998	54,999,998
TOTAL CAPITALIZATION	886,256,784	45,549,100	103,459,746	103,459,746
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	33,220,075	(1,246,908)	4,582,163	4,582,163
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	55,393,336	(32,484,417)	21,213,382	21,213,382
ACCRUED TAXES	2,276,103	9,491,491	875,007	875,007
ACCRUED INTEREST	328,373	6,035	(21,750)	(21,750)
ESTIMATED RATE REFUNDS	1,268,833	(996,284)	1,268,779	1,268,779
DEFERRED INCOME TAXES	4,119,530	269,847	(3,844,593)	(3,844,593)
OTHER CURRENT LIABILITIES	73,037,958	(15,864,455)	(27,138,862)	(27,138,862)
TOTAL CURRENT LIABILITIES	169,644,208	(40,824,691)	(3,065,874)	(3,065,874)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	481,681,884	12,301,891	59,592,153	59,592,153
INVESTMENT TAX CREDITS	3,542,887	(30,020)	(360,235)	(360,235)
OTHER REGULATORY LIABILITIES LONG TERM	59,115,728	9,931,197	16,567,029	16,567,029
OTHER LIABILITIES & DEFERRED CREDITS	18,813,001	(20,884,142)	(28,007,369)	(28,007,369)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	563,153,500	1,318,926	47,791,578	47,791,578
TOTAL CAPITALIZATION AND LIABILITIES	1,619,054,492	6,043,335	148,185,450	148,185,450

REPORT ID: BAL   FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 02/12/14 13:29:10

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF JANUARY 31, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,442,904,294	9,091,529	163,833,461	9,091,529
ACCUMULATED DEPRECIATION AND DEPLETION	331,178,024	2,391,071	17,113,345	2,391,071
NET PROPERTY, PLANT AND EQUIPMENT	1,111,726,270	6,700,458	146,720,116	6,700,458
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,195,183	184,610	(3,958,615)	184,610
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1			
FROM ASSOCIATED COMPANIES	62,767,285	12,499,903	(11,467,944)	12,499,903
*OTHER	1			
GAS INVENTORY	60,720,702	(26,775,865)	8,378,421	(26,775,865)
OTHER INVENTORIES	615,518	(842)	(71,239)	(842)
PREPAYMENTS	1,964,517	(377,498)	(22,825)	(377,498)
REGULATORY ASSETS CURRENT	4,577,099	(2,343,326)	(4,537,244)	(2,343,326)
OTHER CURRENT ASSETS	1,553,321	1,080,075	805,933	1,080,075
TOTAL CURRENT ASSETS	134,393,627	(15,732,943)	(10,873,513)	(15,732,943)
INVESTMENT IN SUBSIDIARY	17,704,473	98,146	413,210	98,146
REGULATORY ASSETS LONG TERM	257,587,184	(6,544,762)	(15,999,416)	(6,544,762)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	76,323,912	(5,839,925)	8,625,661	(5,839,925)
TOTAL ASSETS	1,597,735,466	(21,319,026)	128,886,058	(21,319,026)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	442,517,664	20,465,669	57,235,935	20,465,669
TOTAL COMMON STOCK EQUITY	495,332,447	20,465,669	57,243,335	20,465,669
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006		54,999,998	
TOTAL CAPITALIZATION	906,722,453	20,465,669	112,243,333	20,465,669
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	48,532,071	15,311,996	21,724,380	15,311,996
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	14,820,987	(40,572,349)	(20,816,443)	(40,572,349)
ACCRUED TAXES	15,190,864	12,914,761	12,116,676	12,914,761
ACCRUED INTEREST	286,091	(42,282)	(24,193)	(42,282)
ESTIMATED RATE REFUNDS	279,854	(988,979)	279,800	(988,979)
DEFERRED INCOME TAXES	2,321,227	(1,798,303)	(5,752,387)	(1,798,303)
OTHER CURRENT LIABILITIES	58,967,077	(14,070,881)	(22,395,154)	(14,070,881)
TOTAL CURRENT LIABILITIES	140,398,171	(29,246,037)	(14,867,321)	(29,246,037)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	477,208,075	(4,473,809)	51,590,580	(4,473,809)
INVESTMENT TAX CREDITS	3,512,867	(30,020)	(360,235)	(30,020)
OTHER REGULATORY LIABILITIES LONG TERM	51,580,278	(7,535,450)	8,159,885	(7,535,450)
OTHER LIABILITIES & DEFERRED CREDITS	18,313,622	(499,379)	(27,880,184)	(499,379)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	550,614,842	(12,538,658)	31,510,046	(12,538,658)
TOTAL CAPITALIZATION AND LIABILITIES	1,597,735,466	(21,319,026)	128,886,058	(21,319,026)

REPORT ID: BAL FORMAT ID: BSP
*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 03/11/14 13:40:26

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF FEBRUARY 28, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,452,305,505	9,401,211	170,997,728	18,492,740
ACCUMULATED DEPRECIATION AND DEPLETION	333,343,782	2,165,758	17,613,198	4,556,829
NET PROPERTY, PLANT AND EQUIPMENT	1,118,961,723	7,235,453	153,384,530	13,935,911
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	4,680,038	2,484,855	(12,108,450)	2,669,465
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	2	1	2	1
FROM ASSOCIATED COMPANIES	87,098,793	24,331,508	(1,744,303)	36,831,411
*OTHER	2	1	(4,135)	1
GAS INVENTORY	39,117,780	(21,602,922)	7,409,243	(48,378,787)
OTHER INVENTORIES	613,722	(1,796)	(29,742)	(2,638)
PREPAYMENTS	2,192,197	227,680	48,930	(149,818)
REGULATORY ASSETS CURRENT	5,901,025	1,323,926	(3,259,017)	(1,019,400)
OTHER CURRENT ASSETS	1,525,735	(27,586)	926,950	1,052,489
TOTAL CURRENT ASSETS	141,129,294	6,735,667	(8,760,522)	(8,997,276)
INVESTMENT IN SUBSIDIARY	17,798,617	94,144	464,561	192,290
REGULATORY ASSETS LONG TERM	257,558,312	(28,872)	(15,479,432)	(6,573,634)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	72,911,582	(3,412,330)	17,227,908	(9,252,255)
TOTAL ASSETS	1,608,359,528	10,624,062	146,837,045	(10,694,964)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	459,377,167	16,859,503	62,794,337	37,325,172
TOTAL COMMON STOCK EQUITY	512,191,950	16,859,503	62,801,737	37,325,172
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006		54,999,999	
TOTAL CAPITALIZATION	923,581,956	16,859,503	117,801,736	37,325,172
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	52,621,900	4,089,829	27,928,984	19,401,825
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,272,712	2,451,725	(22,092,561)	(38,120,624)
ACCRUED TAXES	22,708,385	7,517,521	18,350,040	20,432,282
ACCRUED INTEREST	282,850	(3,241)	(27,769)	(45,523)
ESTIMATED RATE REFUNDS	(362,668)	(642,522)	(362,722)	(1,631,501)
DEFERRED INCOME TAXES	3,013,868	692,641	(4,767,776)	(1,105,662)
OTHER CURRENT LIABILITIES	37,605,024	(21,362,053)	(9,866,632)	(35,432,934)
TOTAL CURRENT LIABILITIES	133,142,071	(7,256,100)	9,161,564	(36,502,137)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	479,260,206	2,052,131	51,249,034	(2,421,678)
INVESTMENT TAX CREDITS	3,482,848	(30,019)	(360,234)	(60,039)
OTHER REGULATORY LIABILITIES LONG TERM	50,820,428	(759,850)	(3,366,016)	(8,295,300)
OTHER LIABILITIES & DEFERRED CREDITS	18,072,019	(241,603)	(27,649,039)	(740,982)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	551,635,501	1,020,659	19,873,745	(11,517,999)
TOTAL CAPITALIZATION AND LIABILITIES	1,608,359,528	10,624,062	146,837,045	(10,694,964)

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 04/10/14 09:10:24

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF MARCH 31, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,466,494,674	14,189,169	176,824,891	32,681,909
ACCUMULATED DEPRECIATION AND DEPLETION	335,707,170	2,363,388	18,186,881	6,920,217
NET PROPERTY, PLANT AND EQUIPMENT	1,130,787,504	11,825,781	158,638,010	25,761,692
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,196,907	(1,483,131)	(1,937,895)	1,186,334
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	2		2	1
FROM ASSOCIATED COMPANIES	87,494,043	395,250	(35,675,376)	37,226,661
*OTHER	19,464	19,462	19,461	19,463
GAS INVENTORY	24,930,033	(14,187,747)	9,363,194	(62,566,534)
OTHER INVENTORIES	603,277	(10,445)	(49,558)	(13,083)
PREPAYMENTS	1,657,659	(534,538)	(50,075)	(684,356)
REGULATORY ASSETS CURRENT	6,890,032	989,007	(2,896,816)	(30,393)
OTHER CURRENT ASSETS	6,366,186	4,840,451	3,303,963	5,892,940
TOTAL CURRENT ASSETS	131,157,603	(9,971,691)	(27,923,100)	(18,968,967)
INVESTMENT IN SUBSIDIARY	17,862,288	63,671	506,596	255,961
REGULATORY ASSETS LONG TERM	257,588,614	30,302	(10,237,035)	(6,543,332)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	65,766,893	(7,144,689)	20,789,462	(16,396,944)
TOTAL ASSETS	1,603,162,902	(5,196,626)	141,773,933	(15,891,590)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	471,422,811	12,045,644	65,670,533	49,370,816
TOTAL COMMON STOCK EQUITY	524,237,594	12,045,644	65,677,933	49,370,816
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006		54,999,999	
TOTAL CAPITALIZATION	935,627,600	12,045,644	120,677,932	49,370,816
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	41,502,358	(11,119,542)	20,850,981	8,282,283
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	19,024,749	1,752,037	(21,068,916)	(36,368,587)
ACCRUED TAXES	21,876,952	(831,433)	15,358,404	19,600,849
ACCRUED INTEREST	294,365	11,515	(26,571)	(34,008)
ESTIMATED RATE REFUNDS	103,757	466,425	103,703	(1,165,076)
DEFERRED INCOME TAXES	3,153,728	139,860	(3,733,530)	(965,802)
OTHER CURRENT LIABILITIES	30,172,739	(7,432,285)	(12,515,950)	(42,865,219)
TOTAL CURRENT LIABILITIES	116,128,648	(17,013,423)	(1,031,879)	(53,515,560)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	481,260,953	2,000,747	50,441,546	(420,931)
INVESTMENT TAX CREDITS	3,452,828	(30,020)	(360,235)	(90,059)
OTHER REGULATORY LIABILITIES LONG TERM	48,078,408	(2,742,020)	(2,761,403)	(11,037,320)
OTHER LIABILITIES & DEFERRED CREDITS	18,614,465	542,446	(25,192,028)	(198,536)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	551,406,654	(228,847)	22,127,880	(11,746,846)
TOTAL CAPITALIZATION AND LIABILITIES	1,603,162,902	(5,196,626)	141,773,933	(15,891,590)

REPORT ID: BAL FORMAT ID: BSP

PAGE 1

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2014
FDW Standard Report - For Internal Use Only

	Month: *Apr - 2014*	Previous Month	Variance	Month: *Apr - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,452,381,077.72	$1,425,988,767.01	$26,392,310.71	$1,452,381,077.72	$1,408,358,922.66	$44,022,155.06
CWIP	$28,114,485.89	$39,602,329.73	($11,487,843.84)	$28,114,485.89	$24,550,264.67	$3,564,221.22
Total Utility Plant	**$1,480,495,563.61**	**$1,465,591,096.74**	**$14,904,466.87**	**$1,480,495,563.61**	**$1,432,909,187.33**	**$47,586,376.28**
Accum Prov - Amort and Depr	($337,057,166.06)	($335,543,920.48)	($1,513,245.58)	($337,057,166.06)	($328,623,701.85)	($8,433,464.21)
Net Utility Plant	**$1,143,438,397.55**	**$1,130,047,176.26**	**$13,391,221.29**	**$1,143,438,397.55**	**$1,104,285,485.48**	**$39,152,912.07**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,144,170,269.80**	**$1,130,779,048.51**	**$13,391,221.29**	**$1,144,170,269.80**	**$1,105,017,357.73**	**$39,152,912.07**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$17,954,427.61	$17,862,332.89	$92,094.72	$17,954,427.61	$17,606,369.13	$348,058.48
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$17,962,774.10**	**$17,870,679.38**	**$92,094.72**	**$17,962,774.10**	**$17,614,715.62**	**$348,058.48**
Current and Accrued Assets						
Cash	$2,304,315.45	$3,054,616.13	($750,300.68)	$2,304,315.45	$1,856,421.39	$447,894.06
Special Deposits	$17,500.00	$0.00	$17,500.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$98,764.34	$139,292.43	($40,528.09)	$98,764.34	$150,855.00	($52,090.66)
Notes Receivable	$0.00	($66.00)	$66.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	$0.00	($4.29)	$4.29	$0.00	($1.22)	$1.22
Other Accounts Receivable	$0.00	$19,424.86	($19,424.86)	$0.00	($38.65)	$38.65
Accum Prov Uncollectible - Cr	$0.00	($18.18)	$18.18	$0.00	($18.98)	$18.98
NR from Associated Cos	$10,145,472.54	$29,241,962.00	($19,096,489.46)	$10,145,472.54	$50,121,307.00	($39,975,834.46)
AR from Associated Cos	$67,735,202.69	$58,252,292.09	$9,482,910.60	$67,735,202.69	$146,287.22	$67,588,915.47
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$603,430.34	$603,260.86	$169.48	$603,430.34	$616,344.95	($12,914.61)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$36,256,948.80	$24,930,011.04	$11,326,937.76	$36,256,948.80	$87,496,543.99	($51,239,595.19)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,048,015.95	$1,657,554.65	$390,461.30	$2,048,015.95	$2,341,910.47	($293,894.52)
Interest & Dividends Rec	$0.00	$83.00	($83.00)	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$23.00	($23.00)	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$10,576,492.17	$5,778,596.82	$4,797,895.35	$10,576,492.17	$253,538.63	$10,322,953.54
Derivative Instrument Assets	$1,447,490.00	$587,580.00	$859,910.00	$1,447,490.00	$278,170.00	$1,169,320.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$131,236,682.28**	**$124,267,658.41**	**$6,969,023.87**	**$131,236,682.28**	**$143,264,705.04**	**($12,028,022.76)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$265,766,926.88	$264,478,674.70	$1,288,252.18	$265,766,926.88	$270,993,929.01	($5,227,002.13)
Preliminary Surveys	$2,933,110.27	$3,018,832.37	($85,722.10)	$2,933,110.27	$2,739,364.30	$193,745.97
Clearing Accounts	$0.00	($256,507.13)	$256,507.13	$0.00	$0.00	$0.00
Miscellaneous Deferred Debits	$7,873,973.34	$7,341,767.99	$532,205.35	$7,873,973.34	$7,219,475.64	$654,497.70
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$68,283,974.84	$65,554,498.27	$2,729,476.57	$68,283,974.84	$69,803,829.24	($1,519,854.40)
Unrecovered Purchase Gas Costs	($15,741,375.25)	($9,891,759.78)	($5,849,615.47)	($15,741,375.25)	$2,401,105.28	($18,142,480.53)
Deferred Debits	**$329,116,610.08**	**$330,245,506.42**	**($1,128,896.34)**	**$329,116,610.08**	**$353,157,703.47**	**($24,041,093.39)**

Assets and Other Debits	**$1,622,486,336.26**	**$1,603,162,892.72**	**$19,323,443.54**	**$1,622,486,336.26**	**$1,619,054,481.86**	**$3,431,854.40**
LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$476,440,325.07	$471,422,863.30	$5,017,461.77	$476,440,325.07	$422,052,046.54	$54,388,278.53
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$529,255,101.07**	**$524,237,639.30**	**$5,017,461.77**	**$529,255,101.07**	**$474,866,822.54**	**$54,388,278.53**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,162,085.98	$2,165,897.96	($3,811.98)	$2,162,085.98	$2,177,034.16	($14,948.18)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$65,624.00	$70,953.00	($5,329.00)	$65,624.00	$83,669.00	($18,045.00)
Accum Prov - Pension & Benefit	($1,897,048.08)	($1,598,743.73)	($298,304.35)	($1,897,048.08)	($793,005.00)	($1,104,043.08)
Accum Misc Operating Provision	$1,145,449.00	$1,145,449.00	$0.00	$1,145,449.00	$987,534.00	$157,915.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$1,476,110.90**	**$1,783,556.23**	**($307,445.33)**	**$1,476,110.90**	**$2,455,232.16**	**($979,121.26)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$47,167,996.94	$41,502,384.21	$5,665,612.73	$47,167,996.94	$33,220,100.99	$13,947,895.95
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$19,294,177.58	$19,028,881.87	$265,295.71	$19,294,177.58	$55,401,474.33	($36,107,296.75)
Customer Deposits	$3,050,755.68	$3,093,132.68	($42,377.00)	$3,050,755.68	$3,334,765.00	($284,009.32)
Taxes Accrued	$23,360,847.09	$21,876,925.13	$1,483,921.96	$23,360,847.09	$2,276,076.73	$21,084,770.36
Interest Accrued	$304,866.49	$294,446.31	$10,420.18	$304,866.49	$328,454.44	($23,587.95)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$376,687.82	$711,914.90	($335,227.08)	$376,687.82	$505,780.24	($129,092.42)
Misc Current & Accrued Liab	$16,950,183.38	$13,322,539.67	$3,627,643.71	$16,950,183.38	$66,303,723.32	($49,353,539.94)
Obligation Cap Lease - Current	$42,559.69	$41,996.99	$562.70	$42,559.69	$48,732.57	($6,172.88)
Derivative Liability	$282,370.00	$280,974.00	$1,396.00	$282,370.00	$367,390.00	($85,020.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$110,830,444.67**	**$100,153,195.76**	**$10,677,248.91**	**$110,830,444.67**	**$161,786,497.62**	**($50,956,052.95)**
Deferred Credits						
Customer Adv. for Construction	$7,698,544.33	$7,675,215.72	$23,328.61	$7,698,544.33	$7,074,911.20	$623,633.13
Acc Defd Investment Tax Credit	$3,422,744.00	$3,452,764.00	($30,020.00)	$3,422,744.00	$3,542,824.00	($120,080.00)
Other Deferred Credits	$8,537,337.22	$9,151,543.39	($614,206.17)	$8,537,337.22	$9,148,344.63	($611,007.41)
Other Regulatory Liabilities	$60,709,312.73	$60,904,220.86	($194,908.13)	$60,709,312.73	$62,988,360.36	($2,279,047.63)
Accum Defer Inc Tax - Oth Prop	$475,178,772.76	$472,745,815.63	$2,432,957.13	$475,178,772.76	$473,482,486.43	$1,696,286.33
Accum Defer Inc Tax - Other	$13,987,968.58	$11,668,941.83	$2,319,026.75	$13,987,968.58	$12,319,002.92	$1,668,965.66
Deferred Credits	**$569,534,679.62**	**$565,598,501.43**	**$3,936,178.19**	**$569,534,679.62**	**$568,555,929.54**	**$978,750.08**
Total Liabilities and Equity	**$1,622,486,336.26**	**$1,603,162,892.72**	**$19,323,443.54**	**$1,622,486,336.26**	**$1,619,054,481.86**	**$3,431,854.40**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2014
FDW Standard Report - For Internal Use Only

	Month: *May - 2014*	Previous Month	Variance	Month: *May - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,474,609,982.82	$1,452,381,077.72	$22,228,905.10	$1,474,609,982.82	$1,408,358,922.66	$66,251,060.16
CWIP	$25,669,767.74	$28,114,485.89	($2,444,718.15)	$25,669,767.74	$24,550,264.67	$1,119,503.07
Total Utility Plant	**$1,500,279,750.56**	**$1,480,495,563.61**	**$19,784,186.95**	**$1,500,279,750.56**	**$1,432,909,187.33**	**$67,370,563.23**
Accum Prov - Amort and Depr	($338,920,866.65)	($337,057,166.06)	($1,863,700.59)	($338,920,866.65)	($328,623,701.85)	($10,297,164.80)
Net Utility Plant	**$1,161,358,883.91**	**$1,143,438,397.55**	**$17,920,486.36**	**$1,161,358,883.91**	**$1,104,285,485.48**	**$57,073,398.43**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,162,090,756.16**	**$1,144,170,269.80**	**$17,920,486.36**	**$1,162,090,756.16**	**$1,105,017,357.73**	**$57,073,398.43**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$17,982,560.99	$17,954,427.61	$28,133.38	$17,982,560.99	$17,606,369.13	$376,191.86
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$17,990,907.48**	**$17,962,774.10**	**$28,133.38**	**$17,990,907.48**	**$17,614,715.62**	**$376,191.86**
Current and Accrued Assets						
Cash	$1,312,566.51	$2,304,315.45	($991,748.94)	$1,312,566.51	$1,856,421.39	($543,854.88)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$876,660.12	$98,764.34	$777,895.78	$876,660.12	$150,855.00	$725,805.12
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.04)	$0.00	($0.04)	($0.04)	($1.22)	$1.18
Other Accounts Receivable	$317,827.13	$0.00	$317,827.13	$317,827.13	($38.65)	$317,865.78
Accum Prov Uncollectible - Cr	($0.19)	$0.00	($0.19)	($0.19)	($18.98)	$18.79
NR from Associated Cos	$30,653,480.00	$10,145,472.54	$20,508,007.46	$30,653,480.00	$50,121,307.00	($19,467,827.00)
AR from Associated Cos	$10,022,385.96	$67,735,202.69	($57,712,816.73)	$10,022,385.96	$146,287.22	$9,876,098.74
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$626,725.66	$603,430.34	$23,295.32	$626,725.66	$616,344.95	$10,380.71
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$58,140,075.74	$36,256,948.80	$21,883,126.94	$58,140,075.74	$87,496,543.99	($29,356,468.25)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$803,222.61	$2,048,015.95	($1,244,793.34)	$803,222.61	$2,341,910.47	($1,538,687.86)
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	($0.20)	$0.00	($0.20)	($0.20)	$20.24	($20.44)
Misc Current & Accrued Assets	$12,177,102.17	$10,576,492.17	$1,600,610.00	$12,177,102.17	$253,538.63	$11,923,563.54
Derivative Instrument Assets	$599,790.00	$1,447,490.00	($847,700.00)	$599,790.00	$278,170.00	$321,620.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$115,550,385.47**	**$131,236,682.28**	**($15,686,296.81)**	**$115,550,385.47**	**$143,264,705.04**	**($27,714,319.57)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,108,604.62	$265,766,926.88	$341,677.74	$266,108,604.62	$270,993,929.01	($4,885,324.39)
Preliminary Surveys	$2,827,437.59	$2,933,110.27	($105,672.68)	$2,827,437.59	$2,739,364.30	$88,073.29
Clearing Accounts	($1,969.36)	$0.00	($1,969.36)	($1,969.36)	$0.00	($1,969.36)
Miscellaneous Deferred Debits	$7,835,109.42	$7,873,973.34	($38,863.92)	$7,835,109.42	$7,219,475.64	$615,633.78
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$68,278,752.06	$68,283,974.84	($5,222.78)	$68,278,752.06	$69,803,829.24	($1,525,077.18)
Unrecovered Purchase Gas Costs	($16,507,619.81)	($15,741,375.25)	($766,244.56)	($16,507,619.81)	$2,401,105.28	($18,908,725.09)
Deferred Debits	**$328,540,314.52**	**$329,116,610.08**	**($576,295.56)**	**$328,540,314.52**	**$353,157,703.47**	**($24,617,388.95)**
Assets and Other Debits	**$1,624,172,363.63**	**$1,622,486,336.26**	**$1,686,027.37**	**$1,624,172,363.63**	**$1,619,054,481.86**	**$5,117,881.77**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$475,330,982.87	$476,440,325.07	($1,109,342.20)	$475,330,982.87	$422,052,046.54	$53,278,936.33
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$528,145,758.87**	**$529,255,101.07**	**($1,109,342.20)**	**$528,145,758.87**	**$474,866,822.54**	**$53,278,936.33**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,158,222.92	$2,162,085.98	($3,863.06)	$2,158,222.92	$2,177,034.16	($18,811.24)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$62,226.00	$65,624.00	($3,398.00)	$62,226.00	$83,669.00	($21,443.00)
Accum Prov - Pension & Benefit	($2,142,794.77)	($1,897,048.08)	($245,746.69)	($2,142,794.77)	($793,005.00)	($1,349,789.77)
Accum Misc Operating Provision	$1,145,449.00	$1,145,449.00	$0.00	$1,145,449.00	$987,534.00	$157,915.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$1,223,103.15**	**$1,476,110.90**	**($253,007.75)**	**$1,223,103.15**	**$2,455,232.16**	**($1,232,129.01)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$45,190,194.68	$47,167,996.94	($1,977,802.26)	$45,190,194.68	$33,220,100.99	$11,970,093.69
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$21,655,778.14	$19,294,177.58	$2,361,600.56	$21,655,778.14	$55,401,474.33	($33,745,696.19)
Customer Deposits	$2,982,258.68	$3,050,755.68	($68,497.00)	$2,982,258.68	$3,334,765.00	($352,506.32)
Taxes Accrued	$20,398,359.07	$23,360,847.09	($2,962,488.02)	$20,398,359.07	$2,276,076.73	$18,122,282.34
Interest Accrued	$311,977.84	$304,866.49	$7,111.35	$311,977.84	$328,454.44	($16,476.60)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$241,739.65	$376,687.82	($134,948.17)	$241,739.65	$505,780.24	($264,040.59)
Misc Current & Accrued Liab	$21,442,053.78	$16,950,183.38	$4,491,870.40	$21,442,053.78	$66,303,723.32	($44,861,669.54)
Obligation Cap Lease - Current	$43,129.94	$42,559.69	$570.25	$43,129.94	$48,732.57	($5,602.63)
Derivative Liability	$232,883.00	$282,370.00	($49,487.00)	$232,883.00	$367,390.00	($134,507.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$112,498,374.78**	**$110,830,444.67**	**$1,667,930.11**	**$112,498,374.78**	**$161,786,497.62**	**($49,288,122.84)**
Deferred Credits						
Customer Adv. for Construction	$7,707,806.31	$7,698,544.33	$9,261.98	$7,707,806.31	$7,074,911.20	$632,895.11
Acc Defd Investment Tax Credit	$3,392,724.00	$3,422,744.00	($30,020.00)	$3,392,724.00	$3,542,824.00	($150,100.00)
Other Deferred Credits	$9,131,286.89	$8,537,337.22	$593,949.67	$9,131,286.89	$9,148,344.63	($17,057.74)
Other Regulatory Liabilities	$59,701,792.10	$60,709,312.73	($1,007,520.63)	$59,701,792.10	$62,988,360.36	($3,286,568.26)
Accum Defer Inc Tax - Oth Prop	$477,398,637.20	$475,178,772.76	$2,219,864.44	$477,398,637.20	$473,482,486.43	$3,916,150.77
Accum Defer Inc Tax - Other	$13,582,880.33	$13,987,968.58	($405,088.25)	$13,582,880.33	$12,319,002.92	$1,263,877.41
Deferred Credits	**$570,915,126.83**	**$569,534,679.62**	**$1,380,447.21**	**$570,915,126.83**	**$568,555,929.54**	**$2,359,197.29**
Total Liabilities and Equity	**$1,624,172,363.63**	**$1,622,486,336.26**	**$1,686,027.37**	**$1,624,172,363.63**	**$1,619,054,481.86**	**$5,117,881.77**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2014
FDW Standard Report - For Internal Use Only

	Month: *Jun - 2014*	Previous Month	Variance	Month: *Jun - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,504,298,748.90	$1,474,609,982.82	$29,688,766.08	$1,504,298,748.90	$1,408,358,922.66	$95,939,826.24
CWIP	$15,148,353.76	$25,669,767.74	($10,521,413.98)	$15,148,353.76	$24,550,264.67	($9,401,910.91)
Total Utility Plant	**$1,519,447,102.66**	**$1,500,279,750.56**	**$19,167,352.10**	**$1,519,447,102.66**	**$1,432,909,187.33**	**$86,537,915.33**
Accum Prov - Amort and Depr	($340,848,084.93)	($338,920,866.65)	($1,927,218.28)	($340,848,084.93)	($328,623,701.85)	($12,224,383.08)
Net Utility Plant	**$1,178,599,017.73**	**$1,161,358,883.91**	**$17,240,133.82**	**$1,178,599,017.73**	**$1,104,285,485.48**	**$74,313,532.25**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,179,330,889.98**	**$1,162,090,756.16**	**$17,240,133.82**	**$1,179,330,889.98**	**$1,105,017,357.73**	**$74,313,532.25**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,023,609.50	$17,982,560.99	$41,048.51	$18,023,609.50	$17,606,369.13	$417,240.37
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,031,955.99**	**$17,990,907.48**	**$41,048.51**	**$18,031,955.99**	**$17,614,715.62**	**$417,240.37**
Current and Accrued Assets						
Cash	$2,069,189.54	$1,312,566.51	$756,623.03	$2,069,189.54	$1,856,421.39	$212,768.15
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$251,805.00	$876,660.12	($624,855.12)	$251,805.00	$150,855.00	$100,950.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.47)	($0.04)	($0.43)	($0.47)	($1.22)	$0.75
Other Accounts Receivable	$325,651.99	$317,827.13	$7,824.86	$325,651.99	($38.65)	$325,690.64
Accum Prov Uncollectible - Cr	$90,740.09	($0.19)	$90,740.28	$90,740.09	($18.98)	$90,759.07
NR from Associated Cos	$13,245,272.92	$30,653,480.00	($17,408,207.08)	$13,245,272.92	$50,121,307.00	($36,876,034.08)
AR from Associated Cos	$138,183.52	$10,022,385.96	($9,884,202.44)	$138,183.52	$146,287.22	($8,103.70)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$626,816.25	$626,725.66	$90.59	$626,816.25	$616,344.95	$10,471.30
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$75,191,338.73	$58,140,075.74	$17,051,262.99	$75,191,338.73	$87,496,543.99	($12,305,205.26)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$375,933.20	$803,222.61	($427,289.41)	$375,933.20	$2,341,910.47	($1,965,977.27)
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	($0.20)	$0.20	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$8,924,419.03	$12,177,102.17	($3,252,683.14)	$8,924,419.03	$253,538.63	$8,670,880.40
Derivative Instrument Assets	$433,470.00	$599,790.00	($166,320.00)	$433,470.00	$278,170.00	$155,300.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$101,693,369.80**	**$115,550,385.47**	**($13,857,015.67)**	**$101,693,369.80**	**$143,264,705.04**	**($41,571,335.24)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,032,451.12	$266,108,604.62	($76,153.50)	$266,032,451.12	$270,993,929.01	($4,961,477.89)
Preliminary Surveys	$2,768,548.93	$2,827,437.59	($58,888.66)	$2,768,548.93	$2,739,364.30	$29,184.63
Clearing Accounts	($2,199.71)	($1,969.36)	($230.35)	($2,199.71)	$0.00	($2,199.71)
Miscellaneous Deferred Debits	$7,820,509.94	$7,835,109.42	($14,599.48)	$7,820,509.94	$7,219,475.64	$601,034.30
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,840,298.74	$68,278,752.06	($438,453.32)	$67,840,298.74	$69,803,829.24	($1,963,530.50)
Unrecovered Purchase Gas Costs	($13,462,745.52)	($16,507,619.81)	$3,044,874.29	($13,462,745.52)	$2,401,105.28	($15,863,850.80)
Deferred Debits	**$330,996,863.50**	**$328,540,314.52**	**$2,456,548.98**	**$330,996,863.50**	**$353,157,703.47**	**($22,160,839.97)**
Assets and Other Debits	**$1,630,053,079.27**	**$1,624,172,363.63**	**$5,880,715.64**	**$1,630,053,079.27**	**$1,619,054,481.86**	**$10,998,597.41**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$470,736,292.74	$475,330,982.87	($4,594,690.13)	$470,736,292.74	$422,052,046.54	$48,684,246.20
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$523,551,068.74**	**$528,145,758.87**	**($4,594,690.13)**	**$523,551,068.74**	**$474,866,822.54**	**$48,684,246.20**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,154,308.10	$2,158,222.92	($3,914.82)	$2,154,308.10	$2,177,034.16	($22,726.06)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$101,871.00	$62,226.00	$39,645.00	$101,871.00	$83,669.00	$18,202.00
Accum Prov - Pension & Benefit	($611,584.12)	($2,142,794.77)	$1,531,210.65	($611,584.12)	($793,005.00)	$181,420.88
Accum Misc Operating Provision	$1,151,334.78	$1,145,449.00	$5,885.78	$1,151,334.78	$987,534.00	$163,800.78
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,795,929.76**	**$1,223,103.15**	**$1,572,826.61**	**$2,795,929.76**	**$2,455,232.16**	**$340,697.60**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$40,406,309.97	$45,190,194.68	($4,783,884.71)	$40,406,309.97	$33,220,100.99	$7,186,208.98
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$38,545,973.64	$21,655,778.14	$16,890,195.50	$38,545,973.64	$55,401,474.33	($16,855,500.69)
Customer Deposits	$2,978,625.68	$2,982,258.68	($3,633.00)	$2,978,625.68	$3,334,765.00	($356,139.32)
Taxes Accrued	$12,626,109.39	$20,398,359.07	($7,772,249.68)	$12,626,109.39	$2,276,076.73	$10,350,032.66
Interest Accrued	$319,764.47	$311,977.84	$7,786.63	$319,764.47	$328,454.44	($8,689.97)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$112,746.23	$241,739.65	($128,993.42)	$112,746.23	$505,780.24	($393,034.01)
Misc Current & Accrued Liab	$25,648,418.03	$21,442,053.78	$4,206,364.25	$25,648,418.03	$66,303,723.32	($40,655,305.29)
Obligation Cap Lease - Current	$43,707.83	$43,129.94	$577.89	$43,707.83	$48,732.57	($5,024.74)
Derivative Liability	$221,808.00	$232,883.00	($11,075.00)	$221,808.00	$367,390.00	($145,582.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$120,903,463.24**	**$112,498,374.78**	**$8,405,088.46**	**$120,903,463.24**	**$161,786,497.62**	**($40,883,034.38)**
Deferred Credits						
Customer Adv. for Construction	$7,652,062.22	$7,707,806.31	($55,744.09)	$7,652,062.22	$7,074,911.20	$577,151.02
Acc Defd Investment Tax Credit	$3,362,704.00	$3,392,724.00	($30,020.00)	$3,362,704.00	$3,542,824.00	($180,120.00)
Other Deferred Credits	$9,213,348.34	$9,131,286.89	$82,061.45	$9,213,348.34	$9,148,344.63	$65,003.71
Other Regulatory Liabilities	$58,026,627.85	$59,701,792.10	($1,675,164.25)	$58,026,627.85	$62,988,360.36	($4,961,732.51)
Accum Defer Inc Tax - Oth Prop	$479,670,304.47	$477,398,637.20	$2,271,667.27	$479,670,304.47	$473,482,486.43	$6,187,818.04
Accum Defer Inc Tax - Other	$13,487,570.65	$13,582,880.33	($95,309.68)	$13,487,570.65	$12,319,002.92	$1,168,567.73
Deferred Credits	**$571,412,617.53**	**$570,915,126.83**	**$497,490.70**	**$571,412,617.53**	**$568,555,929.54**	**$2,856,687.99**
Total Liabilities and Equity	**$1,630,053,079.27**	**$1,624,172,363.63**	**$5,880,715.64**	**$1,630,053,079.27**	**$1,619,054,481.86**	**$10,998,597.41**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2014
FDW Standard Report - For Internal Use Only

	Month: *Jul - 2014*	Previous Month	Variance	Month: *Jul - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,514,687,024.57	$1,504,298,748.90	$10,388,275.67	$1,514,687,024.57	$1,408,358,922.66	$106,328,101.91
CWIP	$25,042,655.77	$15,148,353.76	$9,894,302.01	$25,042,655.77	$24,550,264.67	$492,391.10
Total Utility Plant	**$1,539,729,680.34**	**$1,519,447,102.66**	**$20,282,577.68**	**$1,539,729,680.34**	**$1,432,909,187.33**	**$106,820,493.01**
Accum Prov - Amort and Depr	($342,859,669.67)	($340,848,084.93)	($2,011,584.74)	($342,859,669.67)	($328,623,701.85)	($14,235,967.82)
Net Utility Plant	**$1,196,870,010.67**	**$1,178,599,017.73**	**$18,270,992.94**	**$1,196,870,010.67**	**$1,104,285,485.48**	**$92,584,525.19**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,197,601,882.92**	**$1,179,330,889.98**	**$18,270,992.94**	**$1,197,601,882.92**	**$1,105,017,357.73**	**$92,584,525.19**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,027,749.76	$18,023,609.50	$4,140.26	$18,027,749.76	$17,606,369.13	$421,380.63
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,036,096.25**	**$18,031,955.99**	**$4,140.26**	**$18,036,096.25**	**$17,614,715.62**	**$421,380.63**
Current and Accrued Assets						
Cash	$1,001,439.82	$2,069,189.54	($1,067,749.72)	$1,001,439.82	$1,856,421.39	($854,981.57)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$1,569,485.00	$251,805.00	$1,317,680.00	$1,569,485.00	$150,855.00	$1,418,630.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.45)	($0.47)	$0.02	($0.45)	($1.22)	$0.77
Other Accounts Receivable	($0.36)	$325,651.99	($325,652.35)	($0.36)	($38.65)	$38.29
Accum Prov Uncollectible - Cr	$0.03	$90,740.09	($90,740.06)	$0.03	($18.98)	$19.01
NR from Associated Cos	$17,540,793.92	$13,245,272.92	$4,295,521.00	$17,540,793.92	$50,121,307.00	($32,580,513.08)
AR from Associated Cos	$122,328.29	$138,183.52	($15,855.23)	$122,328.29	$146,287.22	($23,958.93)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$616,549.88	$626,816.25	($10,266.37)	$616,549.88	$616,344.95	$204.93
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$92,023,722.62	$75,191,338.73	$16,832,383.89	$92,023,722.62	$87,496,543.99	$4,527,178.63
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,858,073.11	$375,933.20	$2,482,139.91	$2,858,073.11	$2,341,910.47	$516,162.64
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$4,125,048.60	$8,924,419.03	($4,799,370.43)	$4,125,048.60	$253,538.63	$3,871,509.97
Derivative Instrument Assets	$0.00	$433,470.00	($433,470.00)	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$119,877,990.46**	**$101,693,369.80**	**$18,184,620.66**	**$119,877,990.46**	**$143,264,705.04**	**($23,386,714.58)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,188,152.37	$266,032,451.12	$155,701.25	$266,188,152.37	$270,993,929.01	($4,805,776.64)
Preliminary Surveys	$2,849,268.06	$2,768,548.93	$80,719.13	$2,849,268.06	$2,739,364.30	$109,903.76
Clearing Accounts	($5,927.41)	($2,199.71)	($3,727.70)	($5,927.41)	$0.00	($5,927.41)
Miscellaneous Deferred Debits	$7,701,748.42	$7,820,509.94	($118,761.52)	$7,701,748.42	$7,219,475.64	$482,272.78
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,044,309.02	$67,840,298.74	($795,989.72)	$67,044,309.02	$69,803,829.24	($2,759,520.22)
Unrecovered Purchase Gas Costs	($9,301,692.02)	($13,462,745.52)	$4,161,053.50	($9,301,692.02)	$2,401,105.28	($11,702,797.30)
Deferred Debits	**$334,475,858.44**	**$330,996,863.50**	**$3,478,994.94**	**$334,475,858.44**	**$353,157,703.47**	**($18,681,845.03)**
Assets and Other Debits	**$1,669,991,828.07**	**$1,630,053,079.27**	**$39,938,748.80**	**$1,669,991,828.07**	**$1,619,054,481.86**	**$50,937,346.21**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$468,222,282.81	$470,736,292.74	($2,514,009.93)	$468,222,282.81	$422,052,046.54	$46,170,236.27
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$521,037,058.81**	**$523,551,068.74**	**($2,514,009.93)**	**$521,037,058.81**	**$474,866,822.54**	**$46,170,236.27**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,150,340.83	$2,154,308.10	($3,967.27)	$2,150,340.83	$2,177,034.16	($26,693.33)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$145,298.00	$101,871.00	$43,427.00	$145,298.00	$83,669.00	$61,629.00
Accum Prov - Pension & Benefit	($919,888.55)	($611,584.12)	($308,304.43)	($919,888.55)	($793,005.00)	($126,883.55)
Accum Misc Operating Provision	$1,171,212.00	$1,151,334.78	$19,877.22	$1,171,212.00	$987,534.00	$183,678.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,546,962.28**	**$2,795,929.76**	**($248,967.48)**	**$2,546,962.28**	**$2,455,232.16**	**$91,730.12**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,639,645.87	$40,406,309.97	($7,766,664.10)	$32,639,645.87	$33,220,100.99	($580,455.12)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$84,170,164.73	$38,545,973.64	$45,624,191.09	$84,170,164.73	$55,401,474.33	$28,768,690.40
Customer Deposits	$3,008,166.68	$2,978,625.68	$29,541.00	$3,008,166.68	$3,334,765.00	($326,598.32)
Taxes Accrued	$7,083,611.43	$12,626,109.39	($5,542,497.96)	$7,083,611.43	$2,276,076.73	$4,807,534.70
Interest Accrued	$328,736.37	$319,764.47	$8,971.90	$328,736.37	$328,454.44	$281.93
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$62,096.02	$112,746.23	($50,650.21)	$62,096.02	$505,780.24	($443,684.22)
Misc Current & Accrued Liab	$32,621,432.45	$25,648,418.03	$6,973,014.42	$32,621,432.45	$66,303,723.32	($33,682,290.87)
Obligation Cap Lease - Current	$44,293.46	$43,707.83	$585.63	$44,293.46	$48,732.57	($4,439.11)
Derivative Liability	$1,000,487.00	$221,808.00	$778,679.00	$1,000,487.00	$367,390.00	$633,097.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$160,958,634.01**	**$120,903,463.24**	**$40,055,170.77**	**$160,958,634.01**	**$161,786,497.62**	**($827,863.61)**
Deferred Credits						
Customer Adv. for Construction	$7,648,124.17	$7,652,062.22	($3,938.05)	$7,648,124.17	$7,074,911.20	$573,212.97
Acc Defd Investment Tax Credit	$3,332,684.00	$3,362,704.00	($30,020.00)	$3,332,684.00	$3,542,824.00	($210,140.00)
Other Deferred Credits	$9,185,934.56	$9,213,348.34	($27,413.78)	$9,185,934.56	$9,148,344.63	$37,589.93
Other Regulatory Liabilities	$57,690,515.99	$58,026,627.85	($336,111.86)	$57,690,515.99	$62,988,360.36	($5,297,844.37)
Accum Defer Inc Tax - Oth Prop	$481,945,722.47	$479,670,304.47	$2,275,418.00	$481,945,722.47	$473,482,486.43	$8,463,236.04
Accum Defer Inc Tax - Other	$14,256,191.78	$13,487,570.65	$768,621.13	$14,256,191.78	$12,319,002.92	$1,937,188.86
Deferred Credits	**$574,059,172.97**	**$571,412,617.53**	**$2,646,555.44**	**$574,059,172.97**	**$568,555,929.54**	**$5,503,243.43**
Total Liabilities and Equity	**$1,669,991,828.07**	**$1,630,053,079.27**	**$39,938,748.80**	**$1,669,991,828.07**	**$1,619,054,481.86**	**$50,937,346.21**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2014
FDW Standard Report - For Internal Use Only

	Month: *Aug - 2014*	Previous Month	Variance	Month: *Aug - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,530,966,892.04	$1,514,687,024.57	$16,279,867.47	$1,530,966,892.04	$1,408,358,922.66	$122,607,969.38
CWIP	$22,781,410.48	$25,042,655.77	($2,261,245.29)	$22,781,410.48	$24,550,264.67	($1,768,854.19)
Total Utility Plant	**$1,553,748,302.52**	**$1,539,729,680.34**	**$14,018,622.18**	**$1,553,748,302.52**	**$1,432,909,187.33**	**$120,839,115.19**
Accum Prov - Amort and Depr	($344,632,777.86)	($342,859,669.67)	($1,773,108.19)	($344,632,777.86)	($328,623,701.85)	($16,009,076.01)
Net Utility Plant	**$1,209,115,524.66**	**$1,196,870,010.67**	**$12,245,513.99**	**$1,209,115,524.66**	**$1,104,285,485.48**	**$104,830,039.18**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,209,847,396.91**	**$1,197,601,882.92**	**$12,245,513.99**	**$1,209,847,396.91**	**$1,105,017,357.73**	**$104,830,039.18**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,047,923.12	$18,027,749.76	$20,173.36	$18,047,923.12	$17,606,369.13	$441,553.99
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,056,269.61**	**$18,036,096.25**	**$20,173.36**	**$18,056,269.61**	**$17,614,715.62**	**$441,553.99**
Current and Accrued Assets						
Cash	$730,032.07	$1,001,439.82	($271,407.75)	$730,032.07	$1,856,421.39	($1,126,389.32)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$978,765.00	$1,569,485.00	($590,720.00)	$978,765.00	$150,855.00	$827,910.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.38)	($0.45)	$0.07	($0.38)	($1.22)	$0.84
Other Accounts Receivable	$0.14	($0.36)	$0.50	$0.14	($38.65)	$38.79
Accum Prov Uncollectible - Cr	$0.30	$0.03	$0.27	$0.30	($18.98)	$19.28
NR from Associated Cos	$17,420,889.92	$17,540,793.92	($119,904.00)	$17,420,889.92	$50,121,307.00	($32,700,417.08)
AR from Associated Cos	$79,235.25	$122,328.29	($43,093.04)	$79,235.25	$146,287.22	($67,051.97)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$605,397.82	$616,549.88	($11,152.06)	$605,397.82	$616,344.95	($10,947.13)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$105,039,376.08	$92,023,722.62	$13,015,653.46	$105,039,376.08	$87,496,543.99	$17,542,832.09
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,563,095.02	$2,858,073.11	($294,978.09)	$2,563,095.02	$2,341,910.47	$221,184.55
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$278,236.10	$4,125,048.60	($3,846,812.50)	$278,236.10	$253,538.63	$24,697.47
Derivative Instrument Assets	$31,410.00	$0.00	$31,410.00	$31,410.00	$278,170.00	($246,760.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$127,746,987.32**	**$119,877,990.46**	**$7,868,996.86**	**$127,746,987.32**	**$143,264,705.04**	**($15,517,717.72)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$263,484,413.23	$266,188,152.37	($2,703,739.14)	$263,484,413.23	$270,993,929.01	($7,509,515.78)
Preliminary Surveys	$2,922,444.18	$2,849,268.06	$73,176.12	$2,922,444.18	$2,739,364.30	$183,079.88
Clearing Accounts	($9,046.53)	($5,927.41)	($3,119.12)	($9,046.53)	$0.00	($9,046.53)
Miscellaneous Deferred Debits	$7,669,713.06	$7,701,748.42	($32,035.36)	$7,669,713.06	$7,219,475.64	$450,237.42
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$66,183,639.56	$67,044,309.02	($860,669.46)	$66,183,639.56	$69,803,829.24	($3,620,189.68)
Unrecovered Purchase Gas Costs	($6,321,306.31)	($9,301,692.02)	$2,980,385.71	($6,321,306.31)	$2,401,105.28	($8,722,411.59)
Deferred Debits	**$333,929,857.19**	**$334,475,858.44**	**($546,001.25)**	**$333,929,857.19**	**$353,157,703.47**	**($19,227,846.28)**
Assets and Other Debits	**$1,689,580,511.03**	**$1,669,991,828.07**	**$19,588,682.96**	**$1,689,580,511.03**	**$1,619,054,481.86**	**$70,526,029.17**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$466,007,677.97	$468,222,282.81	($2,214,604.84)	$466,007,677.97	$422,052,046.54	$43,955,631.43
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$518,822,453.97**	**$521,037,058.81**	**($2,214,604.84)**	**$518,822,453.97**	**$474,866,822.54**	**$43,955,631.43**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,146,320.40	$2,150,340.83	($4,020.43)	$2,146,320.40	$2,177,034.16	($30,713.76)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$139,747.00	$145,298.00	($5,551.00)	$139,747.00	$83,669.00	$56,078.00
Accum Prov - Pension & Benefit	($1,247,605.66)	($919,888.55)	($327,717.11)	($1,247,605.66)	($793,005.00)	($454,600.66)
Accum Misc Operating Provision	$1,171,212.00	$1,171,212.00	$0.00	$1,171,212.00	$987,534.00	$183,678.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,209,673.74**	**$2,546,962.28**	**($337,288.54)**	**$2,209,673.74**	**$2,455,232.16**	**($245,558.42)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$27,951,705.76	$32,639,645.87	($4,687,940.11)	$27,951,705.76	$33,220,100.99	($5,268,395.23)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$104,978,935.48	$84,170,164.73	$20,808,770.75	$104,978,935.48	$55,401,474.33	$49,577,461.15
Customer Deposits	$3,025,226.68	$3,008,166.68	$17,060.00	$3,025,226.68	$3,334,765.00	($309,538.32)
Taxes Accrued	$9,070,287.56	$7,083,611.43	$1,986,676.13	$9,070,287.56	$2,276,076.73	$6,794,210.83
Interest Accrued	$337,088.56	$328,736.37	$8,352.19	$337,088.56	$328,454.44	$8,634.12
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$71,465.21	$62,096.02	$9,369.19	$71,465.21	$505,780.24	($434,315.03)
Misc Current & Accrued Liab	$42,237,931.27	$32,621,432.45	$9,616,498.82	$42,237,931.27	$66,303,723.32	($24,065,792.05)
Obligation Cap Lease - Current	$44,886.94	$44,293.46	$593.48	$44,886.94	$48,732.57	($3,845.63)
Derivative Liability	$535,088.00	$1,000,487.00	($465,399.00)	$535,088.00	$367,390.00	$167,698.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$188,252,615.46**	**$160,958,634.01**	**$27,293,981.45**	**$188,252,615.46**	**$161,786,497.62**	**$26,466,117.84**
Deferred Credits						
Customer Adv. for Construction	$7,672,272.80	$7,648,124.17	$24,148.63	$7,672,272.80	$7,074,911.20	$597,361.60
Acc Defd Investment Tax Credit	$3,302,664.00	$3,332,684.00	($30,020.00)	$3,302,664.00	$3,542,824.00	($240,160.00)
Other Deferred Credits	$9,135,054.54	$9,185,934.56	($50,880.02)	$9,135,054.54	$9,148,344.63	($13,290.09)
Other Regulatory Liabilities	$57,110,962.85	$57,690,515.99	($579,553.14)	$57,110,962.85	$62,988,360.36	($5,877,397.51)
Accum Defer Inc Tax - Oth Prop	$477,861,594.08	$481,945,722.47	($4,084,128.39)	$477,861,594.08	$473,482,486.43	$4,379,107.65
Accum Defer Inc Tax - Other	$13,823,219.59	$14,256,191.78	($432,972.19)	$13,823,219.59	$12,319,002.92	$1,504,216.67
Deferred Credits	**$568,905,767.86**	**$574,059,172.97**	**($5,153,405.11)**	**$568,905,767.86**	**$568,555,929.54**	**$349,838.32**
Total Liabilities and Equity	**$1,689,580,511.03**	**$1,669,991,828.07**	**$19,588,682.96**	**$1,689,580,511.03**	**$1,619,054,481.86**	**$70,526,029.17**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2014
FDW Standard Report - For Internal Use Only

	Month: *Sep - 2014*	Previous Month	Variance	Month: *Sep - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,550,602,891.95	$1,530,966,892.04	$19,635,999.91	$1,550,602,891.95	$1,408,358,922.66	$142,243,969.29
CWIP	$29,225,850.12	$22,781,410.48	$6,444,439.64	$29,225,850.12	$24,550,264.67	$4,675,585.45
Total Utility Plant	**$1,579,828,742.07**	**$1,553,748,302.52**	**$26,080,439.55**	**$1,579,828,742.07**	**$1,432,909,187.33**	**$146,919,554.74**
Accum Prov - Amort and Depr	($345,698,500.21)	($344,632,777.86)	($1,065,722.35)	($345,698,500.21)	($328,623,701.85)	($17,074,798.36)
Net Utility Plant	**$1,234,130,241.86**	**$1,209,115,524.66**	**$25,014,717.20**	**$1,234,130,241.86**	**$1,104,285,485.48**	**$129,844,756.38**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,234,862,114.11**	**$1,209,847,396.91**	**$25,014,717.20**	**$1,234,862,114.11**	**$1,105,017,357.73**	**$129,844,756.38**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,070,626.73	$18,047,923.12	$22,703.61	$18,070,626.73	$17,606,369.13	$464,257.60
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,078,973.22**	**$18,056,269.61**	**$22,703.61**	**$18,078,973.22**	**$17,614,715.62**	**$464,257.60**
Current and Accrued Assets						
Cash	$654,570.64	$730,032.07	($75,461.43)	$654,570.64	$1,856,421.39	($1,201,850.75)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$2,550.00	$3,050.00	($500.00)	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$912,595.00	$978,765.00	($66,170.00)	$912,595.00	$150,855.00	$761,740.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.12)	($0.38)	$0.26	($0.12)	($1.22)	$1.10
Other Accounts Receivable	($0.12)	$0.14	($0.26)	($0.12)	($38.65)	$38.53
Accum Prov Uncollectible - Cr	($0.09)	$0.30	($0.39)	($0.09)	($18.98)	$18.89
NR from Associated Cos	$17,006,788.30	$17,420,889.92	($414,101.62)	$17,006,788.30	$50,121,307.00	($33,114,518.70)
AR from Associated Cos	($24,258.33)	$79,235.25	($103,493.58)	($24,258.33)	$146,287.22	($170,545.55)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$598,064.40	$605,397.82	($7,333.42)	$598,064.40	$616,344.95	($18,280.55)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$119,377,234.18	$105,039,376.08	$14,337,858.10	$119,377,234.18	$87,496,543.99	$31,880,690.19
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,081,836.21	$2,563,095.02	$518,741.19	$3,081,836.21	$2,341,910.47	$739,925.74
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$189,906.31	$278,236.10	($88,329.79)	$189,906.31	$253,538.63	($63,632.32)
Derivative Instrument Assets	$27,390.00	$31,410.00	($4,020.00)	$27,390.00	$278,170.00	($250,780.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$141,844,176.38**	**$127,746,987.32**	**$14,097,189.06**	**$141,844,176.38**	**$143,264,705.04**	**($1,420,528.66)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$263,263,766.00	$263,484,413.23	($220,647.23)	$263,263,766.00	$270,993,929.01	($7,730,163.01)
Preliminary Surveys	$3,150,124.23	$2,922,444.18	$227,680.05	$3,150,124.23	$2,739,364.30	$410,759.93
Clearing Accounts	($9,639.51)	($9,046.53)	($592.98)	($9,639.51)	$0.00	($9,639.51)
Miscellaneous Deferred Debits	$7,689,347.14	$7,669,713.06	$19,634.08	$7,689,347.14	$7,219,475.64	$469,871.50
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$65,800,118.15	$66,183,639.56	($383,521.41)	$65,800,118.15	$69,803,829.24	($4,003,711.09)
Unrecovered Purchase Gas Costs	($3,872,289.15)	($6,321,306.31)	$2,449,017.16	($3,872,289.15)	$2,401,105.28	($6,273,394.43)
Deferred Debits	**$336,021,426.86**	**$333,929,857.19**	**$2,091,569.67**	**$336,021,426.86**	**$353,157,703.47**	**($17,136,276.61)**
Assets and Other Debits	**$1,730,806,690.57**	**$1,689,580,511.03**	**$41,226,179.54**	**$1,730,806,690.57**	**$1,619,054,481.86**	**$111,752,208.71**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-In Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$464,201,104.78	$466,007,677.97	($1,806,573.19)	$464,201,104.78	$422,052,046.54	$42,149,058.24
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$517,015,880.78**	**$518,822,453.97**	**($1,806,573.19)**	**$517,015,880.78**	**$474,866,822.54**	**$42,149,058.24**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,328,241.35	$2,146,320.40	$7,181,920.95	$9,328,241.35	$2,177,034.16	$7,151,207.19
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$99,535.00	$139,747.00	($40,212.00)	$99,535.00	$83,669.00	$15,866.00
Accum Prov - Pension & Benefit	($1,353,416.99)	($1,247,605.66)	($105,811.33)	($1,353,416.99)	($793,005.00)	($560,411.99)
Accum Misc Operating Provision	$1,171,954.00	$1,171,212.00	$742.00	$1,171,954.00	$987,534.00	$184,420.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$9,246,313.36**	**$2,209,673.74**	**$7,036,639.62**	**$9,246,313.36**	**$2,455,232.16**	**$6,791,081.20**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,980,204.37	$27,951,705.76	$5,028,498.61	$32,980,204.37	$33,220,100.99	($239,896.62)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$125,009,245.74	$104,978,935.48	$20,030,310.26	$125,009,245.74	$55,401,474.33	$69,607,771.41
Customer Deposits	$3,091,574.68	$3,025,226.68	$66,348.00	$3,091,574.68	$3,334,765.00	($243,190.32)
Taxes Accrued	$2,567,665.62	$9,070,287.56	($6,502,621.94)	$2,567,665.62	$2,276,076.73	$291,588.89
Interest Accrued	$344,865.93	$337,088.56	$7,777.37	$344,865.93	$328,454.44	$16,411.49
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$169,277.38	$71,465.21	$97,812.17	$169,277.38	$505,780.24	($336,502.86)
Misc Current & Accrued Liab	$57,897,317.27	$42,237,931.27	$15,659,386.00	$57,897,317.27	$66,303,723.32	($8,406,406.05)
Obligation Cap Lease - Current	$134,493.12	$44,886.94	$89,606.18	$134,493.12	$48,732.57	$85,760.55
Derivative Liability	$504,246.00	$535,088.00	($30,842.00)	$504,246.00	$367,390.00	$136,856.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$222,698,890.11**	**$188,252,615.46**	**$34,446,274.65**	**$222,698,890.11**	**$161,786,497.62**	**$60,912,392.49**
Deferred Credits						
Customer Adv. for Construction	$7,634,045.29	$7,672,272.80	($38,227.51)	$7,634,045.29	$7,074,911.20	$559,134.09
Acc Defd Investment Tax Credit	$3,272,644.00	$3,302,664.00	($30,020.00)	$3,272,644.00	$3,542,824.00	($270,180.00)
Other Deferred Credits	$9,055,243.79	$9,135,054.54	($79,810.75)	$9,055,243.79	$9,148,344.63	($93,100.84)
Other Regulatory Liabilities	$57,228,785.04	$57,110,962.85	$117,822.19	$57,228,785.04	$62,988,360.36	($5,759,575.32)
Accum Defer Inc Tax - Oth Prop	$479,347,269.59	$477,861,594.08	$1,485,675.51	$479,347,269.59	$473,482,486.43	$5,864,783.16
Accum Defer Inc Tax - Other	$13,917,618.61	$13,823,219.59	$94,399.02	$13,917,618.61	$12,319,002.92	$1,598,615.69
Deferred Credits	**$570,455,606.32**	**$568,905,767.86**	**$1,549,838.46**	**$570,455,606.32**	**$568,555,929.54**	**$1,899,676.78**
Total Liabilities and Equity	**$1,730,806,690.57**	**$1,689,580,511.03**	**$41,226,179.54**	**$1,730,806,690.57**	**$1,619,054,481.86**	**$111,752,208.71**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2014
FDW Standard Report - For Internal Use Only

	Month: *Oct - 2014*	Previous Month	Variance	Month: *Oct - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,568,274,587.10	$1,550,602,891.95	$17,671,695.15	$1,568,274,587.10	$1,408,358,922.66	$159,915,664.44
CWIP	$30,152,792.36	$29,225,850.12	$926,942.24	$30,152,792.36	$24,550,264.67	$5,602,527.69
Total Utility Plant	**$1,598,427,379.46**	**$1,579,828,742.07**	**$18,598,637.39**	**$1,598,427,379.46**	**$1,432,909,187.33**	**$165,518,192.13**
Accum Prov - Amort and Depr	($346,141,759.59)	($345,698,500.21)	($443,259.38)	($346,141,759.59)	($328,623,701.85)	($17,518,057.74)
Net Utility Plant	**$1,252,285,619.87**	**$1,234,130,241.86**	**$18,155,378.01**	**$1,252,285,619.87**	**$1,104,285,485.48**	**$148,000,134.39**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,253,017,492.12**	**$1,234,862,114.11**	**$18,155,378.01**	**$1,253,017,492.12**	**$1,105,017,357.73**	**$148,000,134.39**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments In Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,128,359.15	$18,070,626.73	$57,732.42	$18,128,359.15	$17,606,369.13	$521,990.02
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,136,705.64**	**$18,078,973.22**	**$57,732.42**	**$18,136,705.64**	**$17,614,715.62**	**$521,990.02**
Current and Accrued Assets						
Cash	$865,391.97	$654,570.64	$210,821.33	$865,391.97	$1,856,421.39	($991,029.42)
Special Deposits	$0.00	$17,500.00	($17,500.00)	$0.00	$0.00	$0.00
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$1,718,260.00	$912,595.00	$805,665.00	$1,718,260.00	$150,855.00	$1,567,405.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.44)	($0.12)	($0.32)	($0.44)	($1.22)	$0.78
Other Accounts Receivable	$0.52	($0.12)	$0.64	$0.52	($38.65)	$39.17
Accum Prov Uncollectible - Cr	($0.26)	($0.09)	($0.17)	($0.26)	($18.98)	$18.72
NR from Associated Cos	$22,013,831.30	$17,006,788.30	$5,007,043.00	$22,013,831.30	$50,121,307.00	($28,107,475.70)
AR from Associated Cos	$130,272.45	($24,258.33)	$154,530.78	$130,272.45	$146,287.22	($16,014.77)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$654,310.66	$598,064.40	$56,246.26	$654,310.66	$616,344.95	$37,965.71
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$122,769,454.17	$119,377,234.18	$3,392,219.99	$122,769,454.17	$87,496,543.99	$35,272,910.18
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,328,218.14	$3,081,836.21	$246,381.93	$3,328,218.14	$2,341,910.47	$986,307.67
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	($0.25)	$0.00	($0.25)	($0.25)	$20.24	($20.49)
Misc Current & Accrued Assets	$252,393.41	$189,906.31	$62,487.10	$252,393.41	$253,538.63	($1,145.22)
Derivative Instrument Assets	$0.00	$27,390.00	($27,390.00)	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$151,734,681.67**	**$141,844,176.38**	**$9,890,505.29**	**$151,734,681.67**	**$143,264,705.04**	**$8,469,976.63**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$259,713,577.98	$263,263,766.00	($3,550,188.02)	$259,713,577.98	$270,993,929.01	($11,280,351.03)
Preliminary Surveys	$3,372,264.80	$3,150,124.23	$222,140.57	$3,372,264.80	$2,739,364.30	$632,900.50
Clearing Accounts	($11,516.33)	($9,639.51)	($1,876.82)	($11,516.33)	$0.00	($11,516.33)
Miscellaneous Deferred Debits	$7,634,459.63	$7,689,347.14	($54,887.51)	$7,634,459.63	$7,219,475.64	$414,983.99
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$58,496,971.17	$65,800,118.15	($7,303,146.98)	$58,496,971.17	$69,803,829.24	($11,306,858.07)
Unrecovered Purchase Gas Costs	$418,124.35	($3,872,289.15)	$4,290,413.50	$418,124.35	$2,401,105.28	($1,982,980.93)
Deferred Debits	**$329,623,881.60**	**$336,021,426.86**	**($6,397,545.26)**	**$329,623,881.60**	**$353,157,703.47**	**($23,533,821.87)**
Assets and Other Debits	**$1,752,512,761.03**	**$1,730,806,690.57**	**$21,706,070.46**	**$1,752,512,761.03**	**$1,619,054,481.86**	**$133,458,279.17**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,720,269.00	$7,686,976.00	$33,293.00	$7,720,269.00	$7,686,976.00	$33,293.00
Capital Stock Expense	-	-	-	-	-	-
Retained Eamings	$464,609,077.40	$464,201,104.78	$407,972.62	$464,609,077.40	$422,052,046.54	$42,557,030.86
Unapprop Undistrib Sub Eaming	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$517,457,146.40**	**$517,015,880.78**	**$441,265.62**	**$517,457,146.40**	**$474,866,822.54**	**$42,590,323.86**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,309,055.75	$9,328,241.35	($19,185.60)	$9,309,055.75	$2,177,034.16	$7,132,021.59
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$59,039.76	$99,535.00	($40,495.24)	$59,039.76	$83,669.00	($24,629.24)
Accum Prov - Pension & Benefit	($1,669,916.88)	($1,353,416.99)	($316,499.89)	($1,669,916.88)	($793,005.00)	($876,911.88)
Accum Misc Operating Provision	$1,176,443.00	$1,171,954.00	$4,489.00	$1,176,443.00	$987,534.00	$188,909.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$8,874,621.63**	**$9,246,313.36**	**($371,691.73)**	**$8,874,621.63**	**$2,455,232.16**	**$6,419,389.47**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$31,725,447.92	$32,980,204.37	($1,254,756.45)	$31,725,447.92	$33,220,100.99	($1,494,653.07)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$145,022,918.61	$125,009,245.74	$20,013,672.87	$145,022,918.61	$55,401,474.33	$89,621,444.28
Customer Deposits	$3,205,709.68	$3,091,574.68	$114,135.00	$3,205,709.68	$3,334,765.00	($129,055.32)
Taxes Accrued	$8,586,317.55	$2,567,665.62	$6,018,651.93	$8,586,317.55	$2,276,076.73	$6,310,240.82
Interest Accrued	$352,270.95	$344,865.93	$7,405.02	$352,270.95	$328,454.44	$23,816.51
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$74,421.33	$169,277.38	($94,856.05)	$74,421.33	$505,780.24	($431,358.91)
Misc Current & Accrued Liab	$69,078,525.10	$57,897,317.27	$11,181,207.83	$69,078,525.10	$66,303,723.32	$2,774,801.78
Obligation Cap Lease - Current	$150,159.32	$134,493.12	$15,666.20	$150,159.32	$48,732.57	$101,426.75
Derivative Liability	$1,051,100.00	$504,246.00	$546,854.00	$1,051,100.00	$367,390.00	$683,710.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$259,246,870.46**	**$222,698,890.11**	**$36,547,980.35**	**$259,246,870.46**	**$161,786,497.62**	**$97,460,372.84**
Deferred Credits						
Customer Adv. for Construction	$7,679,575.36	$7,634,045.29	$45,530.07	$7,679,575.36	$7,074,911.20	$604,664.16
Acc Defd Investment Tax Credit	$3,242,624.00	$3,272,644.00	($30,020.00)	$3,242,624.00	$3,542,824.00	($300,200.00)
Other Deferred Credits	$9,029,947.54	$9,055,243.79	($25,296.25)	$9,029,947.54	$9,148,344.63	($118,397.09)
Other Regulatory Liabilities	$56,639,089.30	$57,228,785.04	($589,695.74)	$56,639,089.30	$62,988,360.36	($6,349,271.06)
Accum Defer Inc Tax - Oth Prop	$468,517,842.83	$479,347,269.59	($10,829,426.76)	$468,517,842.83	$473,482,486.43	($4,964,643.60)
Accum Defer Inc Tax - Other	$10,435,043.51	$13,917,618.61	($3,482,575.10)	$10,435,043.51	$12,319,002.92	($1,883,959.41)
Deferred Credits	**$555,544,122.54**	**$570,455,606.32**	**($14,911,483.78)**	**$555,544,122.54**	**$568,555,929.54**	**($13,011,807.00)**
Total Liabilities and Equity	**$1,752,512,761.03**	**$1,730,806,690.57**	**$21,706,070.46**	**$1,752,512,761.03**	**$1,619,054,481.86**	**$133,458,279.17**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2014
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2014*	Previous Month	Variance	Month: *Nov - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,591,711,542.85	$1,568,274,587.10	$23,436,955.75	$1,591,711,542.85	$1,408,358,922.66	$183,352,620.19
CWIP	$19,464,729.46	$30,152,792.36	($10,688,062.90)	$19,464,729.46	$24,550,264.67	($5,085,535.21)
Total Utility Plant	**$1,611,176,272.31**	**$1,598,427,379.46**	**$12,748,892.85**	**$1,611,176,272.31**	**$1,432,909,187.33**	**$178,267,084.98**
Accum Prov - Amort and Depr	($347,783,451.04)	($346,141,759.59)	($1,641,691.45)	($347,783,451.04)	($328,623,701.85)	($19,159,749.19)
Net Utility Plant	**$1,263,392,821.27**	**$1,252,285,619.87**	**$11,107,201.40**	**$1,263,392,821.27**	**$1,104,285,485.48**	**$159,107,335.79**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,264,124,693.52**	**$1,253,017,492.12**	**$11,107,201.40**	**$1,264,124,693.52**	**$1,105,017,357.73**	**$159,107,335.79**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments In Associated Cos	-	-	-	-	-	-
Investments In Subsidiary Cos	$18,169,429.36	$18,128,359.15	$41,070.21	$18,169,429.36	$17,606,369.13	$563,060.23
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,177,775.85**	**$18,136,705.64**	**$41,070.21**	**$18,177,775.85**	**$17,614,715.62**	**$563,060.23**
Current and Accrued Assets						
Cash	$773,069.81	$865,391.97	($92,322.16)	$773,069.81	$1,856,421.39	($1,083,351.58)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$569,950.00	$1,718,260.00	($1,148,310.00)	$569,950.00	$150,855.00	$419,095.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	$0.43	($0.44)	$0.87	$0.43	($1.22)	$1.65
Other Accounts Receivable	($0.09)	$0.52	($0.61)	($0.09)	($38.65)	$38.56
Accum Prov Uncollectible - Cr	$6,727.36	($0.26)	$6,727.62	$6,727.36	($18.98)	$6,746.34
NR from Associated Cos	$35,578,603.30	$22,013,831.30	$13,564,772.00	$35,578,603.30	$50,121,307.00	($14,542,703.70)
AR from Associated Cos	$131,764.66	$130,272.45	$1,492.21	$131,764.66	$146,287.22	($14,522.56)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$662,539.97	$654,310.66	$8,229.31	$662,539.97	$616,344.95	$46,195.02
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$111,585,516.02	$122,769,454.17	($11,183,938.15)	$111,585,516.02	$87,496,543.99	$24,088,972.03
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,152,464.04	$3,328,218.14	($175,754.10)	$3,152,464.04	$2,341,910.47	$810,553.57
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	($0.25)	$0.25	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$219,799.15	$252,393.41	($32,594.26)	$219,799.15	$253,538.63	($33,739.48)
Derivative Instrument Assets	$0.00	$0.00	$0.00	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$152,682,984.65**	**$151,734,681.67**	**$948,302.98**	**$152,682,984.65**	**$143,264,705.04**	**$9,418,279.61**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$257,625,777.76	$259,713,577.98	($2,087,800.22)	$257,625,777.76	$270,993,929.01	($13,368,151.25)
Preliminary Surveys	$3,315,521.46	$3,372,264.80	($56,743.34)	$3,315,521.46	$2,739,364.30	$576,157.16
Clearing Accounts	($16,084.55)	($11,516.33)	($4,568.22)	($16,084.55)	$0.00	($16,084.55)
Miscellaneous Deferred Debits	$7,640,733.58	$7,634,459.63	$6,273.95	$7,640,733.58	$7,219,475.64	$421,257.94
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$57,461,149.84	$58,496,971.17	($1,035,821.33)	$57,461,149.84	$69,803,829.24	($12,342,679.40)
Unrecovered Purchase Gas Costs	$4,869,485.37	$418,124.35	$4,451,361.02	$4,869,485.37	$2,401,105.28	$2,468,380.09
Deferred Debits	**$330,896,583.46**	**$329,623,881.60**	**$1,272,701.86**	**$330,896,583.46**	**$353,157,703.47**	**($22,261,120.01)**
Assets and Other Debits	**$1,765,882,037.48**	**$1,752,512,761.03**	**$13,369,276.45**	**$1,765,882,037.48**	**$1,619,054,481.86**	**$146,827,555.62**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,720,355.00	$7,720,269.00	$86.00	$7,720,355.00	$7,686,976.00	$33,379.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$472,251,043.78	$464,609,077.40	$7,641,966.38	$472,251,043.78	$422,052,046.54	$50,198,997.24
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reqcquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$525,099,198.78**	**$517,457,146.40**	**$7,642,052.38**	**$525,099,198.78**	**$474,866,822.54**	**$50,232,376.24**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,289,750.49	$9,309,055.75	($19,305.26)	$9,289,750.49	$2,177,034.16	$7,112,716.33
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$93,463.48	$59,039.76	$34,423.72	$93,463.48	$83,669.00	$9,794.48
Accum Prov - Pension & Benefit	($1,987,096.37)	($1,669,916.88)	($317,179.49)	($1,987,096.37)	($793,005.00)	($1,194,091.37)
Accum Misc Operating Provision	$1,191,751.58	$1,176,443.00	$15,308.58	$1,191,751.58	$987,534.00	$204,217.58
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$8,587,869.18**	**$8,874,621.63**	**($286,752.45)**	**$8,587,869.18**	**$2,455,232.16**	**$6,132,637.02**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$28,992,391.33	$31,725,447.92	($2,733,056.59)	$28,992,391.33	$33,220,100.99	($4,227,709.66)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$148,128,181.41	$145,022,918.61	$3,105,262.80	$148,128,181.41	$55,401,474.33	$92,726,707.08
Customer Deposits	$3,299,574.68	$3,205,709.68	$93,865.00	$3,299,574.68	$3,334,765.00	($35,190.32)
Taxes Accrued	$10,750,353.18	$8,586,317.55	$2,164,035.63	$10,750,353.18	$2,276,076.73	$8,474,276.45
Interest Accrued	$360,767.46	$352,270.95	$8,496.51	$360,767.46	$328,454.44	$32,313.02
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$173,858.32	$74,421.33	$99,436.99	$173,858.32	$505,780.24	($331,921.92)
Misc Current & Accrued Liab	$71,704,401.52	$69,078,525.10	$2,625,876.42	$71,704,401.52	$66,303,723.32	$5,400,678.20
Obligation Cap Lease - Current	$165,898.02	$150,159.32	$15,738.70	$165,898.02	$48,732.57	$117,165.45
Derivative Liability	$487,790.00	$1,051,100.00	($563,310.00)	$487,790.00	$367,390.00	$120,400.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$264,063,215.92**	**$259,246,870.46**	**$4,816,345.46**	**$264,063,215.92**	**$161,786,497.62**	**$102,276,718.30**
Deferred Credits						
Customer Adv. for Construction	$7,789,686.21	$7,679,575.36	$110,110.85	$7,789,686.21	$7,074,911.20	$714,775.01
Acc Defd Investment Tax Credit	$3,212,604.00	$3,242,624.00	($30,020.00)	$3,212,604.00	$3,542,824.00	($330,220.00)
Other Deferred Credits	$8,657,208.86	$9,029,947.54	($372,738.68)	$8,657,208.86	$9,148,344.63	($491,135.77)
Other Regulatory Liabilities	$55,711,759.67	$56,639,089.30	($927,329.63)	$55,711,759.67	$62,988,360.36	($7,276,600.69)
Accum Defer Inc Tax - Oth Prop	$469,892,908.21	$468,517,842.83	$1,375,065.38	$469,892,908.21	$473,482,486.43	($3,589,578.22)
Accum Defer Inc Tax - Other	$11,477,586.65	$10,435,043.51	$1,042,543.14	$11,477,586.65	$12,319,002.92	($841,416.27)
Deferred Credits	**$556,741,753.60**	**$555,544,122.54**	**$1,197,631.06**	**$556,741,753.60**	**$568,555,929.54**	**($11,814,175.94)**
Total Liabilities and Equity	**$1,765,882,037.48**	**$1,752,512,761.03**	**$13,369,276.45**	**$1,765,882,037.48**	**$1,619,054,481.86**	**$146,827,555.62**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Dec - 2014
FDW Standard Report - For Internal Use Only

	Month: *Dec - 2014*	Previous Month	Variance	Month: *Dec - 2014*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,619,842,058.87	$1,613,645,267.24	$6,196,791.63	$1,619,842,058.87	$1,436,257,803.27	$183,584,255.60
Accum Depreciation & Amort	($349,862,908.03)	($350,082,623.97)	$219,715.94	($349,862,908.03)	($331,448,240.66)	($18,414,667.37)
Net Utility Plant	**$1,269,979,150.84**	**$1,263,562,643.27**	**$6,416,507.57**	**$1,269,979,150.84**	**$1,104,809,562.61**	**$165,169,588.23**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,269,987,497.33**	**$1,263,570,989.76**	**$6,416,507.57**	**$1,269,987,497.33**	**$1,104,817,909.10**	**$165,169,588.23**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,198,818.84	$18,169,429.36	$29,389.48	$18,198,818.84	$17,606,369.13	$592,449.71
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,198,818.84**	**$18,169,429.36**	**$29,389.48**	**$18,198,818.84**	**$17,606,369.13**	**$592,449.71**
Current Assets						
Cash and Cash Equivalents	$2,622,543.11	$775,619.81	$1,846,923.30	$2,622,543.11	$1,859,771.39	$762,771.72
Restricted Cash	$1,329,880.00	$569,950.00	$759,930.00	$1,329,880.00	$150,855.00	$1,179,025.00
Accounts Receivable - Unaffil	($431,453.75)	($486,455.40)	$55,001.65	($431,453.75)	($544,365.71)	$112,911.96
Accounts Receivable - Affil	$50,047,873.05	$36,224,189.98	$13,823,683.07	$50,047,873.05	$50,811,934.22	($764,061.17)
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$2.10	($2.00)
Gas Inventory	$96,517,311.52	$111,585,516.02	($15,068,204.50)	$96,517,311.52	$87,496,543.99	$9,020,767.53
Underrecovered Gas & Fuel	$0.00	$1,970,131.37	($1,970,131.37)	$0.00	$0.00	$0.00
Materials and Supplies	$657,437.43	$662,539.97	($5,102.54)	$657,437.43	$616,344.95	$41,092.48
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$0.00	$0.00	$0.00	$0.00	$219,700.00	($219,700.00)
Exchange Gas Receivable	$238,529.18	$205,731.68	$32,797.50	$238,529.18	$253,538.63	($15,009.45)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$5,384,420.60	$5,450,757.77	($66,337.17)	$5,384,420.60	$7,533,208.31	($2,148,787.71)
Prepayments and Other	$14,067,017.66	$13,688,378.34	$378,639.32	$14,067,017.66	$9,686,591.03	$4,380,426.63
Current Assets	**$170,433,558.90**	**$170,646,359.64**	**($212,800.74)**	**$170,433,558.90**	**$158,084,123.91**	**$12,349,434.99**
Other Assets						
Price Risk Mgmt Assets - NC	$0.00	$0.00	$0.00	$0.00	$58,470.00	($58,470.00)
Noncurrent Regulatory Asset	$268,724,206.63	$260,652,032.34	$8,072,174.29	$268,724,206.63	$272,135,474.82	($3,411,268.19)
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$65,771,606.14	$57,879,473.50	$7,892,132.64	$65,771,606.14	$72,417,988.62	($6,646,382.48)
Other Assets	**$334,495,812.77**	**$318,531,505.84**	**$15,964,306.93**	**$334,495,812.77**	**$344,611,933.44**	**($10,116,120.67)**
Assets	**$1,793,115,687.84**	**$1,770,918,284.60**	**$22,197,403.24**	**$1,793,115,687.84**	**$1,625,120,335.58**	**$167,995,352.26**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,720,355.00	$7,720,355.00	$0.00	$7,720,355.00	$7,686,976.00	$33,379.00
Retained Earnings	$485,681,500.60	$472,251,043.78	$13,430,456.82	$485,681,500.60	$422,052,046.54	$63,629,454.06
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$538,529,655.60**	**$525,099,198.78**	**$13,430,456.82**	**$538,529,655.60**	**$474,866,822.54**	**$63,662,833.06**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$403,310,324.57	$420,679,750.49	($17,369,425.92)	$403,310,324.57	$413,567,034.16	($10,256,709.59)
Capitalization	**$941,839,980.17**	**$945,778,949.27**	**($3,938,969.10)**	**$941,839,980.17**	**$888,433,856.70**	**$53,406,123.47**
Current Liabilities						
Current Portion of LT Debt	$47,531,709.60	$165,898.02	$47,365,811.58	$47,531,709.60	$48,732.57	$47,482,977.03
Short-Term Borrowings	$89,796,655.05	$125,029,003.05	($35,232,348.00)	$89,796,655.05	$41,295,980.14	$48,500,674.91
Accounts Payable - Unaffil	$26,345,164.38	$28,992,391.33	($2,647,226.95)	$26,345,164.38	$33,220,100.99	($6,874,936.61)

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Dec - 2014
FDW Standard Report - For Internal Use Only

	Month: *Dec - 2014*	Previous Month	Variance	Month: *Dec - 2014*	December of Previous Year	Variance
Accounts Payable - Affil	$13,951,642.73	$23,119,817.38	($9,168,174.65)	$13,951,642.73	$14,105,494.19	($153,851.46)
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$43,703,440.84	$49,866,551.29	($6,163,110.45)	$43,703,440.84	$35,162,917.41	$8,540,523.43
Taxes Accrued	$7,773,680.25	$10,750,353.18	($2,976,672.93)	$7,773,680.25	$2,276,076.73	$5,497,603.52
Interest Accrued	$370,472.19	$360,767.46	$9,704.73	$370,472.19	$328,454.44	$42,017.75
Overrecovered Gas & Fuel Costs	$724,333.08	$0.00	$724,333.08	$724,333.08	$498,248.72	$226,084.36
Price Risk Mgmt Liab - Curr	$1,175,180.00	$487,790.00	$687,390.00	$1,175,180.00	$241,030.00	$934,150.00
Exchange Gas Payables	$13,695,877.68	$14,888,214.87	($1,192,337.19)	$13,695,877.68	$23,129,884.94	($9,434,007.26)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$7,967,141.54	$9,418,219.81	($1,451,078.27)	$7,967,141.54	$5,141,460.62	$2,825,680.92
Post Benefits - Curr Liab	$168,250.00	$168,050.00	$200.00	$168,250.00	$214,009.00	($45,759.00)
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$356,945.18	$367,289.94	($10,344.76)	$356,945.18	$289,939.78	$67,005.40
Other Accruals	$17,328,558.53	$12,879,496.49	$4,449,062.04	$17,328,558.53	$14,198,254.18	$3,130,304.35
Current Liabilities	**$270,889,051.05**	**$276,493,842.82**	**($5,604,791.77)**	**$270,889,051.05**	**$170,150,583.71**	**$100,738,467.34**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	$0.00	$0.00	$0.00	$0.00	$126,360.00	($126,360.00)
Deferred Income Taxes	$503,597,697.10	$478,378,420.06	$25,219,277.04	$503,597,697.10	$481,681,976.02	$21,915,721.08
Deferred Investment Tax Credit	$3,182,584.00	$3,212,604.00	($30,020.00)	$3,182,584.00	$3,542,824.00	($360,240.00)
Deferred Credits	-	-	-	-	-	-
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$7,282,580.00	($1,105,039.37)	$8,387,619.37	$7,282,580.00	$455,164.00	$6,827,416.00
Noncurrent Regulatory Liab	$44,345,507.86	$46,293,846.59	($1,948,338.73)	$44,345,507.86	$59,115,676.32	($14,770,168.46)
Asset Retirement Obligations	$5,041,864.87	$5,015,608.10	$26,256.77	$5,041,864.87	$5,567,605.00	($525,740.13)
Other Noncurrent Liabilities	$16,936,422.79	$16,850,053.13	$86,369.66	$16,936,422.79	$16,046,289.83	$890,132.96
Noncurrent Liabilities	**$580,386,656.62**	**$548,645,492.51**	**$31,741,164.11**	**$580,386,656.62**	**$566,535,895.17**	**$13,850,761.45**
Capitalization and Liabilities	**$1,793,115,687.84**	**$1,770,918,284.60**	**$22,197,403.24**	**$1,793,115,687.84**	**$1,625,120,335.58**	**$167,995,352.26**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jan - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jan - 2015*	Previous Month	Variance	Month: *Jan - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,630,198,747.02	$1,619,842,058.87	$10,356,688.15	$1,630,198,747.02	$1,619,842,058.87	$10,356,688.15
Accum Depreciation & Amort	($352,323,122.54)	($349,862,908.03)	($2,460,214.51)	($352,323,122.54)	($349,862,908.03)	($2,460,214.51)
Net Utility Plant	**$1,277,875,624.48**	**$1,269,979,150.84**	**$7,896,473.64**	**$1,277,875,624.48**	**$1,269,979,150.84**	**$7,896,473.64**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,277,883,970.97**	**$1,269,987,497.33**	**$7,896,473.64**	**$1,277,883,970.97**	**$1,269,987,497.33**	**$7,896,473.64**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,282,458.73	$18,198,818.84	$83,639.89	$18,282,458.73	$18,198,818.84	$83,639.89
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,282,458.73**	**$18,198,818.84**	**$83,639.89**	**$18,282,458.73**	**$18,198,818.84**	**$83,639.89**
Current Assets						
Cash and Cash Equivalents	$3,490,620.61	$2,622,543.11	$868,077.50	$3,490,620.61	$2,622,543.11	$868,077.50
Restricted Cash	$529,260.00	$1,329,880.00	($800,620.00)	$529,260.00	$1,329,880.00	($800,620.00)
Accounts Receivable - Unaffil	($1,221,007.68)	($431,453.75)	($789,553.93)	($1,221,007.68)	($431,453.75)	($789,553.93)
Accounts Receivable - Affil	$44,930,876.39	$50,047,873.05	($5,116,996.66)	$44,930,876.39	$50,047,873.05	($5,116,996.66)
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$70,255,437.23	$96,517,311.52	($26,261,874.29)	$70,255,437.23	$96,517,311.52	($26,261,874.29)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$656,419.45	$657,437.43	($1,017.98)	$656,419.45	$657,437.43	($1,017.98)
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	-	-	-	-	-	-
Exchange Gas Receivable	$101,792.19	$238,529.18	($136,736.99)	$101,792.19	$238,529.18	($136,736.99)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$3,814,450.40	$5,384,420.60	($1,569,970.20)	$3,814,450.40	$5,384,420.60	($1,569,970.20)
Prepayments and Other	$13,521,354.84	$14,067,017.66	($545,662.82)	$13,521,354.84	$14,067,017.66	($545,662.82)
Current Assets	**$136,079,203.53**	**$170,433,558.90**	**($34,354,355.37)**	**$136,079,203.53**	**$170,433,558.90**	**($34,354,355.37)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$268,545,840.56	$268,724,206.63	($178,366.07)	$268,545,840.56	$268,724,206.63	($178,366.07)
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$63,245,377.54	$65,771,606.14	($2,526,228.60)	$63,245,377.54	$65,771,606.14	($2,526,228.60)
Other Assets	**$331,791,218.10**	**$334,495,812.77**	**($2,704,594.67)**	**$331,791,218.10**	**$334,495,812.77**	**($2,704,594.67)**
Assets	**$1,764,036,851.33**	**$1,793,115,687.84**	**($29,078,836.51)**	**$1,764,036,851.33**	**$1,793,115,687.84**	**($29,078,836.51)**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,720,355.00	$7,720,355.00	$0.00	$7,720,355.00	$7,720,355.00	$0.00
Retained Earnings	$506,648,125.29	$485,681,500.60	$20,966,624.69	$506,648,125.29	$485,681,500.60	$20,966,624.69
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$559,496,280.29**	**$538,529,655.60**	**$20,966,624.69**	**$559,496,280.29**	**$538,529,655.60**	**$20,966,624.69**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$403,290,776.97	$403,310,324.57	($19,547.60)	$403,290,776.97	$403,310,324.57	($19,547.60)
Capitalization	**$962,787,057.26**	**$941,839,980.17**	**$20,947,077.09**	**$962,787,057.26**	**$941,839,980.17**	**$20,947,077.09**
Current Liabilities						
Current Portion of LT Debt	$47,547,594.43	$47,531,709.60	$15,884.83	$47,547,594.43	$47,531,709.60	$15,884.83
Short-Term Borrowings	$36,862,207.94	$89,796,655.05	($52,934,447.11)	$36,862,207.94	$89,796,655.05	($52,934,447.11)
Accounts Payable - Unaffil	$31,466,832.53	$26,345,164.38	$5,121,668.15	$31,466,832.53	$26,345,164.38	$5,121,668.15

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jan - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jan - 2015*	Previous Month	Variance	Month: *Jan - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$15,583,860.04	$13,951,642.73	$1,632,217.31	$15,583,860.04	$13,951,642.73	$1,632,217.31
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$30,472,700.39	$43,703,440.84	($13,230,740.45)	$30,472,700.39	$43,703,440.84	($13,230,740.45)
Taxes Accrued	$19,502,106.69	$7,773,680.25	$11,728,426.44	$19,502,106.69	$7,773,680.25	$11,728,426.44
Interest Accrued	$290,260.77	$370,472.19	($80,211.42)	$290,260.77	$370,472.19	($80,211.42)
Overrecovered Gas & Fuel Costs	$7,790,912.29	$724,333.08	$7,066,579.21	$7,790,912.29	$724,333.08	$7,066,579.21
Price Risk Mgmt Liab - Curr	$431,040.00	$1,175,180.00	($744,140.00)	$431,040.00	$1,175,180.00	($744,140.00)
Exchange Gas Payables	$7,093,404.76	$13,695,877.68	($6,602,472.92)	$7,093,404.76	$13,695,877.68	($6,602,472.92)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$6,253,167.38	$7,967,141.54	($1,713,974.16)	$6,253,167.38	$7,967,141.54	($1,713,974.16)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$356,945.18	$356,945.18	$0.00	$356,945.18	$356,945.18	$0.00
Other Accruals	$17,566,120.85	$17,328,558.53	$237,562.32	$17,566,120.85	$17,328,558.53	$237,562.32
Current Liabilities	**$221,385,403.25**	**$270,889,051.05**	**($49,503,647.80)**	**$221,385,403.25**	**$270,889,051.05**	**($49,503,647.80)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$504,747,535.21	$503,597,697.10	$1,149,838.11	$504,747,535.21	$503,597,697.10	$1,149,838.11
Deferred Investment Tax Credit	$3,152,564.00	$3,182,584.00	($30,020.00)	$3,152,564.00	$3,182,584.00	($30,020.00)
Deferred Credits	-	-	-	-	-	-
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,937,243.52	$7,282,580.00	($345,336.48)	$6,937,243.52	$7,282,580.00	($345,336.48)
Noncurrent Regulatory Liab	$43,065,103.52	$44,345,507.86	($1,280,404.34)	$43,065,103.52	$44,345,507.86	($1,280,404.34)
Asset Retirement Obligations	$5,068,259.40	$5,041,864.87	$26,394.53	$5,068,259.40	$5,041,864.87	$26,394.53
Other Noncurrent Liabilities	$16,893,685.17	$16,936,422.79	($42,737.62)	$16,893,685.17	$16,936,422.79	($42,737.62)
Noncurrent Liabilities	**$579,864,390.82**	**$580,386,656.62**	**($522,265.80)**	**$579,864,390.82**	**$580,386,656.62**	**($522,265.80)**
Capitalization and Liabilities	**$1,764,036,851.33**	**$1,793,115,687.84**	**($29,078,836.51)**	**$1,764,036,851.33**	**$1,793,115,687.84**	**($29,078,836.51)**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Feb - 2015
FDW Standard Report - For Internal Use Only

	Month: *Feb - 2015*	Previous Month	Variance	Month: *Feb - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,637,652,273.40	$1,630,198,747.02	$7,453,526.38	$1,637,652,273.40	$1,619,842,058.87	$17,810,214.53
Accum Depreciation & Amort	($355,447,621.49)	($352,323,122.54)	($3,124,498.95)	($355,447,621.49)	($349,862,908.03)	($5,584,713.46)
Net Utility Plant	**$1,282,204,651.91**	**$1,277,875,624.48**	**$4,329,027.43**	**$1,282,204,651.91**	**$1,269,979,150.84**	**$12,225,501.07**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,282,212,998.40**	**$1,277,883,970.97**	**$4,329,027.43**	**$1,282,212,998.40**	**$1,269,987,497.33**	**$12,225,501.07**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,371,042.05	$18,282,458.73	$88,583.32	$18,371,042.05	$18,198,818.84	$172,223.21
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,371,042.05**	**$18,282,458.73**	**$88,583.32**	**$18,371,042.05**	**$18,198,818.84**	**$172,223.21**
Current Assets						
Cash and Cash Equivalents	$4,852,215.08	$3,490,620.61	$1,361,594.47	$4,852,215.08	$2,622,543.11	$2,229,671.97
Restricted Cash	$0.00	$529,260.00	($529,260.00)	$0.00	$1,329,880.00	($1,329,880.00)
Accounts Receivable - Unaffil	($514,649.79)	($1,221,007.68)	$706,357.89	($514,649.79)	($431,453.75)	($83,196.04)
Accounts Receivable - Affil	$56,552,086.16	$44,930,876.39	$11,621,209.77	$56,552,086.16	$50,047,873.05	$6,504,213.11
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$47,646,981.27	$70,255,437.23	($22,608,455.96)	$47,646,981.27	$96,517,311.52	($48,870,330.25)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$662,910.12	$656,419.45	$6,490.67	$662,910.12	$657,437.43	$5,472.69
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	-	-	-	-	-	-
Exchange Gas Receivable	$72,682.09	$101,792.19	($29,110.10)	$72,682.09	$238,529.18	($165,847.09)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$66,952.30	$3,814,450.40	($3,747,498.10)	$66,952.30	$5,384,420.60	($5,317,468.30)
Prepayments and Other	$13,326,332.77	$13,521,354.84	($195,022.07)	$13,326,332.77	$14,067,017.66	($740,684.89)
Current Assets	**$122,665,510.10**	**$136,079,203.53**	**($13,413,693.43)**	**$122,665,510.10**	**$170,433,558.90**	**($47,768,048.80)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$268,418,474.91	$268,545,840.56	($127,365.65)	$268,418,474.91	$268,724,206.63	($305,731.72)
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$59,963,684.96	$63,245,377.54	($3,281,692.58)	$59,963,684.96	$65,771,606.14	($5,807,921.18)
Other Assets	**$328,382,159.87**	**$331,791,218.10**	**($3,409,058.23)**	**$328,382,159.87**	**$334,495,812.77**	**($6,113,652.90)**
Assets	**$1,751,631,710.42**	**$1,764,036,851.33**	**($12,405,140.91)**	**$1,751,631,710.42**	**$1,793,115,687.84**	**($41,483,977.42)**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,720,355.00	$7,720,355.00	$0.00	$7,720,355.00	$7,720,355.00	$0.00
Retained Earnings	$526,466,620.13	$506,648,125.29	$19,818,494.84	$526,466,620.13	$485,681,500.60	$40,785,119.53
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$579,314,775.13**	**$559,496,280.29**	**$19,818,494.84**	**$579,314,775.13**	**$538,529,655.60**	**$40,785,119.53**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$403,271,131.43	$403,290,776.97	($19,645.54)	$403,271,131.43	$403,310,324.57	($39,193.14)
Capitalization	**$982,585,906.56**	**$962,787,057.26**	**$19,798,849.30**	**$982,585,906.56**	**$941,839,980.17**	**$40,745,926.39**
Current Liabilities						
Current Portion of LT Debt	$47,563,528.12	$47,547,594.43	$15,933.69	$47,563,528.12	$47,531,709.60	$31,818.52
Short-Term Borrowings	$0.00	$36,862,207.94	($36,862,207.94)	$0.00	$89,796,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$35,423,019.49	$31,466,832.53	$3,956,186.96	$35,423,019.49	$26,345,164.38	$9,077,855.11

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Feb - 2015
FDW Standard Report - For Internal Use Only

	Month: *Feb - 2015*	Previous Month	Variance	Month: *Feb - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$18,400,692.86	$15,583,860.04	$2,816,832.82	$18,400,692.86	$13,951,642.73	$4,449,050.13
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$17,613,132.26	$30,472,700.39	($12,859,568.13)	$17,613,132.26	$43,703,440.84	($26,090,308.58)
Taxes Accrued	$30,787,976.60	$19,502,106.69	$11,285,869.91	$30,787,976.60	$7,773,680.25	$23,014,296.35
Interest Accrued	$296,412.35	$290,260.77	$6,151.58	$296,412.35	$370,472.19	($74,059.84)
Overrecovered Gas & Fuel Costs	$17,852,843.86	$7,790,912.29	$10,061,931.57	$17,852,843.86	$724,333.08	$17,128,510.78
Price Risk Mgmt Liab - Curr	$0.00	$431,040.00	($431,040.00)	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$2,293,939.80	$7,093,404.76	($4,799,464.96)	$2,293,939.80	$13,695,877.68	($11,401,937.88)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$4,670,008.58	$6,253,167.38	($1,583,158.80)	$4,670,008.58	$7,967,141.54	($3,297,132.96)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$295,672.66	$356,945.18	($61,272.52)	$295,672.66	$356,945.18	($61,272.52)
Other Accruals	$15,095,801.03	$17,566,120.85	($2,470,319.82)	$15,095,801.03	$17,328,558.53	($2,232,757.50)
Current Liabilities	**$190,461,277.61**	**$221,385,403.25**	**($30,924,125.64)**	**$190,461,277.61**	**$270,889,051.05**	**($80,427,773.44)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$505,720,302.81	$504,747,535.21	$972,767.60	$505,720,302.81	$503,597,697.10	$2,122,605.71
Deferred Investment Tax Credit	$3,122,544.00	$3,152,564.00	($30,020.00)	$3,122,544.00	$3,182,584.00	($60,040.00)
Deferred Credits	$10,680.61	$0.00	$10,680.61	$10,680.61	$0.00	$10,680.61
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,586,565.94	$6,937,243.52	($350,677.58)	$6,586,565.94	$7,282,580.00	($696,014.06)
Noncurrent Regulatory Liab	$41,215,012.24	$43,065,103.52	($1,850,091.28)	$41,215,012.24	$44,345,507.86	($3,130,495.62)
Asset Retirement Obligations	$5,094,792.39	$5,068,259.40	$26,532.99	$5,094,792.39	$5,041,864.87	$52,927.52
Other Noncurrent Liabilities	$16,834,628.26	$16,893,685.17	($59,056.91)	$16,834,628.26	$16,936,422.79	($101,794.53)
Noncurrent Liabilities	**$578,584,526.25**	**$579,864,390.82**	**($1,279,864.57)**	**$578,584,526.25**	**$580,386,656.62**	**($1,802,130.37)**
Capitalization and Liabilities	**$1,751,631,710.42**	**$1,764,036,851.33**	**($12,405,140.91)**	**$1,751,631,710.42**	**$1,793,115,687.84**	**($41,483,977.42)**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Mar - 2015
FDW Standard Report - For Internal Use Only

	Month: *Mar - 2015*	Previous Month	Variance	Month: *Mar - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,651,116,132.67	$1,637,652,273.40	$13,463,859.27	$1,651,116,132.67	$1,619,842,058.87	$31,274,073.80
Accum Depreciation & Amort	($358,484,877.22)	($355,447,621.49)	($3,037,255.73)	($358,484,877.22)	($349,862,908.03)	($8,621,969.19)
Net Utility Plant	**$1,292,631,255.45**	**$1,282,204,651.91**	**$10,426,603.54**	**$1,292,631,255.45**	**$1,269,979,150.84**	**$22,652,104.61**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,292,639,601.94**	**$1,282,212,998.40**	**$10,426,603.54**	**$1,292,639,601.94**	**$1,269,987,497.33**	**$22,652,104.61**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,425,529.45	$18,371,042.05	$54,487.40	$18,425,529.45	$18,198,818.84	$226,710.61
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,425,529.45**	**$18,371,042.05**	**$54,487.40**	**$18,425,529.45**	**$18,198,818.84**	**$226,710.61**
Current Assets						
Cash and Cash Equivalents	$2,905,304.59	$4,852,215.08	($1,946,910.49)	$2,905,304.59	$2,622,543.11	$282,761.48
Restricted Cash	$1.01	$0.00	$1.01	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($576,923.89)	($514,649.79)	($62,274.10)	($576,923.89)	($431,453.75)	($145,470.14)
Accounts Receivable - Affil	$139,849,386.13	$56,552,086.16	$83,297,299.97	$139,849,386.13	$50,047,873.05	$89,801,513.08
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$33,276,095.33	$47,646,981.27	($14,370,885.94)	$33,276,095.33	$96,517,311.52	($63,241,216.19)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$662,646.04	$662,910.12	($264.08)	$662,646.04	$657,437.43	$5,208.61
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	-	-	-	-	-	-
Exchange Gas Receivable	$2,890,284.04	$72,682.09	$2,817,601.95	$2,890,284.04	$238,529.18	$2,651,754.86
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,800,858.99	$66,952.30	$1,733,906.69	$1,800,858.99	$5,384,420.60	($3,583,561.61)
Prepayments and Other	$13,106,855.79	$13,326,332.77	($219,476.98)	$13,106,855.79	$14,067,017.66	($960,161.87)
Current Assets	**$193,914,508.13**	**$122,665,510.10**	**$71,248,998.03**	**$193,914,508.13**	**$170,433,558.90**	**$23,480,949.23**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$268,267,948.57	$268,418,474.91	($150,526.34)	$268,267,948.57	$268,724,206.63	($456,258.06)
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$58,979,551.58	$59,963,684.96	($984,133.38)	$58,979,551.58	$65,771,606.14	($6,792,054.56)
Other Assets	**$327,247,500.15**	**$328,382,159.87**	**($1,134,659.72)**	**$327,247,500.15**	**$334,495,812.77**	**($7,248,312.62)**
Assets	**$1,832,227,139.67**	**$1,751,631,710.42**	**$80,595,429.25**	**$1,832,227,139.67**	**$1,793,115,687.84**	**$39,111,451.83**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,720,355.00	$7,720,355.00	$0.00	$7,720,355.00	$7,720,355.00	$0.00
Retained Earnings	$539,006,246.53	$526,466,620.13	$12,539,626.40	$539,006,246.53	$485,681,500.60	$53,324,745.93
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$591,854,401.53**	**$579,314,775.13**	**$12,539,626.40**	**$591,854,401.53**	**$538,529,655.60**	**$53,324,745.93**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$467,149,279.18	$403,271,131.43	$63,878,147.75	$467,149,279.18	$403,310,324.57	$63,838,954.61
Capitalization	**$1,059,003,680.71**	**$982,585,906.56**	**$76,417,774.15**	**$1,059,003,680.71**	**$941,839,980.17**	**$117,163,700.54**
Current Liabilities						
Current Portion of LT Debt	$328,398.33	$213,528.12	$114,870.21	$328,398.33	$181,709.60	$146,688.73
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$31,519,278.46	$35,423,019.49	($3,903,741.03)	$31,519,278.46	$26,345,164.38	$5,174,114.08

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Mar - 2015
FDW Standard Report - For Internal Use Only

	Month: *Mar - 2015*	Previous Month	Variance	Month: *Mar - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$20,747,763.22	$18,400,692.86	$2,347,070.36	$20,747,763.22	$13,951,642.73	$6,796,120.49
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$10,089,216.92	$17,613,132.26	($7,523,915.34)	$10,089,216.92	$43,703,440.84	($33,614,223.92)
Taxes Accrued	$35,994,595.07	$30,787,976.60	$5,206,618.47	$35,994,595.07	$7,773,680.25	$28,220,914.82
Interest Accrued	$302,152.30	$296,412.35	$5,739.95	$302,152.30	$370,472.19	($68,319.89)
Overrecovered Gas & Fuel Costs	$28,150,791.96	$17,852,843.86	$10,297,948.10	$28,150,791.96	$724,333.08	$27,426,458.88
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$474,779.12	$2,293,939.80	($1,819,160.68)	$474,779.12	$13,695,877.68	($13,221,098.56)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$4,621,489.76	$4,670,008.58	($48,518.82)	$4,621,489.76	$7,967,141.54	($3,345,651.78)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$307,995.16	$295,672.66	$12,322.50	$307,995.16	$356,945.18	($48,950.02)
Other Accruals	$13,301,489.08	$15,095,801.03	($1,794,311.95)	$13,301,489.08	$17,328,558.53	($4,027,069.45)
Current Liabilities	**$193,356,199.38**	**$190,461,277.61**	**$2,894,921.77**	**$193,356,199.38**	**$270,889,051.05**	**($77,532,851.67)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$507,214,557.37	$505,720,302.81	$1,494,254.56	$507,214,557.37	$503,597,697.10	$3,616,860.27
Deferred Investment Tax Credit	$3,092,524.00	$3,122,544.00	($30,020.00)	$3,092,524.00	$3,182,584.00	($90,060.00)
Deferred Credits	$10,780.63	$10,680.61	$100.02	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,351,622.76	$6,586,565.94	($234,943.18)	$6,351,622.76	$7,282,580.00	($930,957.24)
Noncurrent Regulatory Liab	$40,976,440.39	$41,215,012.24	($238,571.85)	$40,976,440.39	$44,345,507.86	($3,369,067.47)
Asset Retirement Obligations	$5,121,464.57	$5,094,792.39	$26,672.18	$5,121,464.57	$5,041,864.87	$79,599.70
Other Noncurrent Liabilities	$17,099,869.86	$16,834,628.26	$265,241.60	$17,099,869.86	$16,936,422.79	$163,447.07
Noncurrent Liabilities	**$579,867,259.58**	**$578,584,526.25**	**$1,282,733.33**	**$579,867,259.58**	**$580,386,656.62**	**($519,397.04)**
Capitalization and Liabilities	**$1,832,227,139.67**	**$1,751,631,710.42**	**$80,595,429.25**	**$1,832,227,139.67**	**$1,793,115,687.84**	**$39,111,451.83**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Apr - 2015
FDW Standard Report - For Internal Use Only

	Month: *Apr - 2015*	Previous Month	Variance	Month: *Apr - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,661,732,117.45	$1,651,116,132.67	$10,615,984.78	$1,661,732,117.45	$1,619,842,058.87	$41,890,058.58
Accum Depreciation & Amort	($358,418,215.90)	($358,484,877.22)	$66,661.32	($358,418,215.90)	($349,862,908.03)	($8,555,307.87)
Net Utility Plant	**$1,303,313,901.55**	**$1,292,631,255.45**	**$10,682,646.10**	**$1,303,313,901.55**	**$1,269,979,150.84**	**$33,334,750.71**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,303,322,248.04**	**$1,292,639,601.94**	**$10,682,646.10**	**$1,303,322,248.04**	**$1,269,987,497.33**	**$33,334,750.71**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,501,936.58	$18,425,529.45	$76,407.13	$18,501,936.58	$18,198,818.84	$303,117.74
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,501,936.58**	**$18,425,529.45**	**$76,407.13**	**$18,501,936.58**	**$18,198,818.84**	**$303,117.74**
Current Assets						
Cash and Cash Equivalents	$3,397,671.12	$2,905,304.59	$492,366.53	$3,397,671.12	$2,622,543.11	$775,128.01
Restricted Cash	$1.01	$1.01	$0.00	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($1,278,259.63)	($576,923.89)	($701,335.74)	($1,278,259.63)	($431,453.75)	($846,805.88)
Accounts Receivable - Affil	$131,606,865.07	$139,849,386.13	($8,242,521.06)	$131,606,865.07	$50,047,873.05	$81,558,992.02
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$40,096,336.52	$33,276,095.33	$6,820,241.19	$40,096,336.52	$96,517,311.52	($56,420,975.00)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$664,355.15	$662,646.04	$1,709.11	$664,355.15	$657,437.43	$6,917.72
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$142,033.46	$0.00	$142,033.46	$142,033.46	$0.00	$142,033.46
Exchange Gas Receivable	$6,408,044.09	$2,890,284.04	$3,517,760.05	$6,408,044.09	$238,529.18	$6,169,514.91
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,371,985.05	$1,800,858.99	($428,873.94)	$1,371,985.05	$5,384,420.60	($4,012,435.55)
Prepayments and Other	$13,633,931.83	$13,106,855.79	$527,076.04	$13,633,931.83	$14,067,017.66	($433,085.83)
Current Assets	**$196,042,963.77**	**$193,914,508.13**	**$2,128,455.64**	**$196,042,963.77**	**$170,433,558.90**	**$25,609,404.87**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$268,180,828.39	$268,267,948.57	($87,120.18)	$268,180,828.39	$268,724,206.63	($543,378.24)
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$59,785,767.70	$58,979,551.58	$806,216.12	$59,785,767.70	$65,771,606.14	($5,985,838.44)
Other Assets	**$327,966,596.09**	**$327,247,500.15**	**$719,095.94**	**$327,966,596.09**	**$334,495,812.77**	**($6,529,216.68)**
Assets	**$1,845,833,744.48**	**$1,832,227,139.67**	**$13,606,604.81**	**$1,845,833,744.48**	**$1,793,115,687.84**	**$52,718,056.64**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,720,355.00	$7,720,355.00	$0.00	$7,720,355.00	$7,720,355.00	$0.00
Retained Earnings	$544,035,316.34	$539,006,246.53	$5,029,069.81	$544,035,316.34	$485,681,500.60	$58,353,815.74
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$596,883,471.34**	**$591,854,401.53**	**$5,029,069.81**	**$596,883,471.34**	**$538,529,655.60**	**$58,353,815.74**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$467,114,483.74	$467,149,279.18	($34,795.44)	$467,114,483.74	$403,310,324.57	$63,804,159.17
Capitalization	**$1,063,997,955.08**	**$1,059,003,680.71**	**$4,994,274.37**	**$1,063,997,955.08**	**$941,839,980.17**	**$122,157,974.91**
Current Liabilities						
Current Portion of LT Debt	$344,729.83	$328,398.33	$16,331.50	$344,729.83	$181,709.60	$163,020.23
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$30,051,298.75	$31,519,278.46	($1,467,979.71)	$30,051,298.75	$26,345,164.38	$3,706,134.37

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Apr - 2015
FDW Standard Report - For Internal Use Only

	Month: *Apr - 2015*	Previous Month	Variance	Month: *Apr - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$20,205,438.66	$20,747,763.22	($542,324.56)	$20,205,438.66	$13,951,642.73	$6,253,795.93
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$7,601,277.79	$10,089,216.92	($2,487,939.13)	$7,601,277.79	$43,703,440.84	($36,102,163.05)
Taxes Accrued	$39,738,538.76	$35,994,595.07	$3,743,943.69	$39,738,538.76	$7,773,680.25	$31,964,858.51
Interest Accrued	$306,611.63	$302,152.30	$4,459.33	$306,611.63	$370,472.19	($63,860.56)
Overrecovered Gas & Fuel Costs	$36,377,905.92	$28,150,791.96	$8,227,113.96	$36,377,905.92	$724,333.08	$35,653,572.84
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$2,022,980.49	$474,779.12	$1,548,201.37	$2,022,980.49	$13,695,877.68	($11,672,897.19)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$3,761,613.62	$4,621,489.76	($859,876.14)	$3,761,613.62	$7,967,141.54	($4,205,527.92)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$307,995.16	$307,995.16	$0.00	$307,995.16	$356,945.18	($48,950.02)
Other Accruals	$13,417,165.94	$13,301,489.08	$115,676.86	$13,417,165.94	$17,328,558.53	($3,911,392.59)
Current Liabilities	**$201,653,806.55**	**$193,356,199.38**	**$8,297,607.17**	**$201,653,806.55**	**$270,889,051.05**	**($69,235,244.50)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$508,581,172.91	$507,214,557.37	$1,366,615.54	$508,581,172.91	$503,597,697.10	$4,983,475.81
Deferred Investment Tax Credit	$3,062,504.00	$3,092,524.00	($30,020.00)	$3,062,504.00	$3,182,584.00	($120,080.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,018,016.21	$6,351,622.76	($333,606.55)	$6,018,016.21	$7,282,580.00	($1,264,563.79)
Noncurrent Regulatory Liab	$40,519,999.84	$40,976,440.39	($456,440.55)	$40,519,999.84	$44,345,507.86	($3,825,508.02)
Asset Retirement Obligations	$5,148,276.68	$5,121,464.57	$26,812.11	$5,148,276.68	$5,041,864.87	$106,411.81
Other Noncurrent Liabilities	$16,841,232.58	$17,099,869.86	($258,637.28)	$16,841,232.58	$16,936,422.79	($95,190.21)
Noncurrent Liabilities	**$580,181,982.85**	**$579,867,259.58**	**$314,723.27**	**$580,181,982.85**	**$580,386,656.62**	**($204,673.77)**
Capitalization and Liabilities	**$1,845,833,744.48**	**$1,832,227,139.67**	**$13,606,604.81**	**$1,845,833,744.48**	**$1,793,115,687.84**	**$52,718,056.64**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of May - 2015
FDW Standard Report - For Internal Use Only

	Month: *May - 2015*	Previous Month	Variance	Month: *May - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,678,222,582.30	$1,661,732,117.45	$16,490,464.85	$1,678,222,582.30	$1,619,842,058.87	$58,380,523.43
Accum Depreciation & Amort	($360,971,406.68)	($358,418,215.90)	($2,553,190.78)	($360,971,406.68)	($349,862,908.03)	($11,108,498.65)
Net Utility Plant	**$1,317,251,175.62**	**$1,303,313,901.55**	**$13,937,274.07**	**$1,317,251,175.62**	**$1,269,979,150.84**	**$47,272,024.78**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,317,259,522.11**	**$1,303,322,248.04**	**$13,937,274.07**	**$1,317,259,522.11**	**$1,269,987,497.33**	**$47,272,024.78**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,587,608.06	$18,501,936.58	$85,671.48	$18,587,608.06	$18,198,818.84	$388,789.22
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,587,608.06**	**$18,501,936.58**	**$85,671.48**	**$18,587,608.06**	**$18,198,818.84**	**$388,789.22**
Current Assets						
Cash and Cash Equivalents	$13,126,639.23	$3,397,671.12	$9,728,968.11	$13,126,639.23	$2,622,543.11	$10,504,096.12
Restricted Cash	$1.01	$1.01	$0.00	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($855,329.68)	($1,278,259.63)	$422,929.95	($855,329.68)	($431,453.75)	($423,875.93)
Accounts Receivable - Affil	$99,792,234.12	$131,606,865.07	($31,814,630.95)	$99,792,234.12	$50,047,873.05	$49,744,361.07
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$48,442,625.87	$40,096,336.52	$8,346,289.35	$48,442,625.87	$96,517,311.52	($48,074,685.65)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$696,518.99	$664,355.15	$32,163.84	$696,518.99	$657,437.43	$39,081.56
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$120,145.00	$142,033.46	($21,888.46)	$120,145.00	$0.00	$120,145.00
Exchange Gas Receivable	$7,063,030.97	$6,408,044.09	$654,986.88	$7,063,030.97	$238,529.18	$6,824,501.79
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,357,160.34	$1,371,985.05	($14,824.71)	$1,357,160.34	$5,384,420.60	($4,027,260.26)
Prepayments and Other	$13,551,936.85	$13,633,931.83	($81,994.98)	$13,551,936.85	$14,067,017.66	($515,080.81)
Current Assets	**$183,294,962.80**	**$196,042,963.77**	**($12,748,000.97)**	**$183,294,962.80**	**$170,433,558.90**	**$12,861,403.90**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$270,363,073.65	$268,180,828.39	$2,182,245.26	$270,363,073.65	$268,724,206.63	$1,638,867.02
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$59,373,832.59	$59,785,767.70	($411,935.11)	$59,373,832.59	$65,771,606.14	($6,397,773.55)
Other Assets	**$329,736,906.24**	**$327,966,596.09**	**$1,770,310.15**	**$329,736,906.24**	**$334,495,812.77**	**($4,758,906.53)**
Assets	**$1,848,878,999.21**	**$1,845,833,744.48**	**$3,045,254.73**	**$1,848,878,999.21**	**$1,793,115,687.84**	**$55,763,311.37**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,951,849.00	$7,720,355.00	$231,494.00	$7,951,849.00	$7,720,355.00	$231,494.00
Retained Earnings	$544,024,255.02	$544,035,316.34	($11,061.32)	$544,024,255.02	$485,681,500.60	$58,342,754.42
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$597,103,904.02**	**$596,883,471.34**	**$220,432.68**	**$597,103,904.02**	**$538,529,655.60**	**$58,574,248.42**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$467,079,512.77	$467,114,483.74	($34,970.97)	$467,079,512.77	$403,310,324.57	$63,769,188.20
Capitalization	**$1,064,183,416.79**	**$1,063,997,955.08**	**$185,461.71**	**$1,064,183,416.79**	**$941,839,980.17**	**$122,343,436.62**
Current Liabilities						
Current Portion of LT Debt	$361,123.11	$344,729.83	$16,393.28	$361,123.11	$181,709.60	$179,413.51
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$26,716,242.86	$30,051,298.75	($3,335,055.89)	$26,716,242.86	$26,345,164.38	$371,078.48

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of May - 2015
FDW Standard Report - For Internal Use Only

	Month: *May - 2015*	Previous Month	Variance	Month: *May - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$22,912,569.08	$20,205,438.66	$2,707,130.42	$22,912,569.08	$13,951,642.73	$8,960,926.35
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$9,268,530.08	$7,601,277.79	$1,667,252.29	$9,268,530.08	$43,703,440.84	($34,434,910.76)
Taxes Accrued	$35,128,834.87	$39,738,538.76	($4,609,703.89)	$35,128,834.87	$7,773,680.25	$27,355,154.62
Interest Accrued	$302,821.32	$306,611.63	($3,790.31)	$302,821.32	$370,472.19	($67,650.87)
Overrecovered Gas & Fuel Costs	$36,130,052.79	$36,377,905.92	($247,853.13)	$36,130,052.79	$724,333.08	$35,405,719.71
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$5,350,144.14	$2,022,980.49	$3,327,163.65	$5,350,144.14	$13,695,877.68	($8,345,733.54)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$3,392,381.36	$3,761,613.62	($369,232.26)	$3,392,381.36	$7,967,141.54	($4,574,760.18)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$307,995.16	$307,995.16	$0.00	$307,995.16	$356,945.18	($48,950.02)
Other Accruals	$12,096,278.97	$13,417,165.94	($1,320,886.97)	$12,096,278.97	$17,328,558.53	($5,232,279.56)
Current Liabilities	**$199,485,223.74**	**$201,653,806.55**	**($2,168,582.81)**	**$199,485,223.74**	**$270,889,051.05**	**($71,403,827.31)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$514,028,025.00	$508,581,172.91	$5,446,852.09	$514,028,025.00	$503,597,697.10	$10,430,327.90
Deferred Investment Tax Credit	$3,032,484.00	$3,062,504.00	($30,020.00)	$3,032,484.00	$3,182,584.00	($150,100.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$5,655,376.92	$6,018,016.21	($362,639.29)	$5,655,376.92	$7,282,580.00	($1,627,203.08)
Noncurrent Regulatory Liab	$40,528,177.64	$40,519,999.84	$8,177.80	$40,528,177.64	$44,345,507.86	($3,817,330.22)
Asset Retirement Obligations	$5,175,229.46	$5,148,276.68	$26,952.78	$5,175,229.46	$5,041,864.87	$133,364.59
Other Noncurrent Liabilities	$16,780,285.03	$16,841,232.58	($60,947.55)	$16,780,285.03	$16,936,422.79	($156,137.76)
Noncurrent Liabilities	**$585,210,358.68**	**$580,181,982.85**	**$5,028,375.83**	**$585,210,358.68**	**$580,386,656.62**	**$4,823,702.06**
Capitalization and Liabilities	**$1,848,878,999.21**	**$1,845,833,744.48**	**$3,045,254.73**	**$1,848,878,999.21**	**$1,793,115,687.84**	**$55,763,311.37**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jun - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jun - 2015*	Previous Month	Variance	Month: *Jun - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,697,206,690.98	$1,678,222,582.30	$18,984,108.68	$1,697,206,690.98	$1,619,842,058.87	$77,364,632.11
Accum Depreciation & Amort	($362,892,975.76)	($360,971,406.68)	($1,921,569.08)	($362,892,975.76)	($349,862,908.03)	($13,030,067.73)
Net Utility Plant	**$1,334,313,715.22**	**$1,317,251,175.62**	**$17,062,539.60**	**$1,334,313,715.22**	**$1,269,979,150.84**	**$64,334,564.38**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,334,322,061.71**	**$1,317,259,522.11**	**$17,062,539.60**	**$1,334,322,061.71**	**$1,269,987,497.33**	**$64,334,564.38**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,594,628.08	$18,587,608.06	$7,020.02	$18,594,628.08	$18,198,818.84	$395,809.24
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,594,628.08**	**$18,587,608.06**	**$7,020.02**	**$18,594,628.08**	**$18,198,818.84**	**$395,809.24**
Current Assets						
Cash and Cash Equivalents	$6,846,073.64	$13,126,639.23	($6,280,565.59)	$6,846,073.64	$2,622,543.11	$4,223,530.53
Restricted Cash	$1.01	$1.01	$0.00	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($1,186,758.65)	($855,329.68)	($331,428.97)	($1,186,758.65)	($431,453.75)	($755,304.90)
Accounts Receivable - Affil	$67,099,192.61	$99,792,234.12	($32,693,041.51)	$67,099,192.61	$50,047,873.05	$17,051,319.56
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$58,287,110.04	$48,442,625.87	$9,844,484.17	$58,287,110.04	$96,517,311.52	($38,230,201.48)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$705,247.15	$696,518.99	$8,728.16	$705,247.15	$657,437.43	$47,809.72
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$97,118.00	$120,145.00	($23,027.00)	$97,118.00	$0.00	$97,118.00
Exchange Gas Receivable	$4,482,973.14	$7,063,030.97	($2,580,057.83)	$4,482,973.14	$238,529.18	$4,244,443.96
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,968,369.17	$1,357,160.34	$611,208.83	$1,968,369.17	$5,384,420.60	($3,416,051.43)
Prepayments and Other	$12,392,570.39	$13,551,936.85	($1,159,366.46)	$12,392,570.39	$14,067,017.66	($1,674,447.27)
Current Assets	**$150,691,896.60**	**$183,294,962.80**	**($32,603,066.20)**	**$150,691,896.60**	**$170,433,558.90**	**($19,741,662.30)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$270,185,968.29	$270,363,073.65	($177,105.36)	$270,185,968.29	$268,724,206.63	$1,461,761.66
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$58,882,981.53	$59,373,832.59	($490,851.06)	$58,882,981.53	$65,771,606.14	($6,888,624.61)
Other Assets	**$329,068,949.82**	**$329,736,906.24**	**($667,956.42)**	**$329,068,949.82**	**$334,495,812.77**	**($5,426,862.95)**
Assets	**$1,832,677,536.21**	**$1,848,878,999.21**	**($16,201,463.00)**	**$1,832,677,536.21**	**$1,793,115,687.84**	**$39,561,848.37**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,951,763.00	$7,951,849.00	($86.00)	$7,951,763.00	$7,720,355.00	$231,408.00
Retained Earnings	$538,348,820.32	$544,024,255.02	($5,675,434.70)	$538,348,820.32	$485,681,500.60	$52,667,319.72
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$591,428,383.32**	**$597,103,904.02**	**($5,675,520.70)**	**$591,428,383.32**	**$538,529,655.60**	**$52,898,727.72**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$467,044,365.00	$467,079,512.77	($35,147.77)	$467,044,365.00	$403,310,324.57	$63,734,040.43
Capitalization	**$1,058,472,748.32**	**$1,064,183,416.79**	**($5,710,668.47)**	**$1,058,472,748.32**	**$941,839,980.17**	**$116,632,768.15**
Current Liabilities						
Current Portion of LT Debt	$367,503.56	$361,123.11	$6,380.45	$367,503.56	$181,709.60	$185,793.96
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$29,047,633.85	$26,716,242.86	$2,331,390.99	$29,047,633.85	$26,345,164.38	$2,702,469.47

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jun - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jun - 2015*	Previous Month	Variance	Month: *Jun - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$16,016,738.60	$22,912,569.08	($6,895,830.48)	$16,016,738.60	$13,951,642.73	$2,065,095.87
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$14,390,101.41	$9,268,530.08	$5,121,571.33	$14,390,101.41	$43,703,440.84	($29,313,339.43)
Taxes Accrued	$23,279,664.58	$35,128,834.87	($11,849,170.29)	$23,279,664.58	$7,773,680.25	$15,505,984.33
Interest Accrued	$305,070.41	$302,821.32	$2,249.09	$305,070.41	$370,472.19	($65,401.78)
Overrecovered Gas & Fuel Costs	$32,813,640.86	$36,130,052.79	($3,316,411.93)	$32,813,640.86	$724,333.08	$32,089,307.78
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$6,298,224.69	$5,350,144.14	$948,080.55	$6,298,224.69	$13,695,877.68	($7,397,652.99)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$4,404,049.13	$3,392,381.36	$1,011,667.77	$4,404,049.13	$7,967,141.54	($3,563,092.41)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$310,000.00	$307,995.16	$2,004.84	$310,000.00	$356,945.18	($46,945.18)
Other Accruals	$12,364,727.81	$12,096,278.97	$268,448.84	$12,364,727.81	$17,328,558.53	($4,963,830.72)
Current Liabilities	**$187,115,604.90**	**$199,485,223.74**	**($12,369,618.84)**	**$187,115,604.90**	**$270,889,051.05**	**($83,773,446.15)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$515,656,169.74	$514,028,025.00	$1,628,144.74	$515,656,169.74	$503,597,697.10	$12,058,472.64
Deferred Investment Tax Credit	$3,002,464.00	$3,032,484.00	($30,020.00)	$3,002,464.00	$3,182,584.00	($180,120.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$5,529,781.27	$5,655,376.92	($125,595.65)	$5,529,781.27	$7,282,580.00	($1,752,798.73)
Noncurrent Regulatory Liab	$40,749,696.74	$40,528,177.64	$221,519.10	$40,749,696.74	$44,345,507.86	($3,595,811.12)
Asset Retirement Obligations	$5,202,323.63	$5,175,229.46	$27,094.17	$5,202,323.63	$5,041,864.87	$160,458.76
Other Noncurrent Liabilities	$16,937,966.98	$16,780,285.03	$157,681.95	$16,937,966.98	$16,936,422.79	$1,544.19
Noncurrent Liabilities	**$587,089,182.99**	**$585,210,358.68**	**$1,878,824.31**	**$587,089,182.99**	**$580,386,656.62**	**$6,702,526.37**
Capitalization and Liabilities	**$1,832,677,536.21**	**$1,848,878,999.21**	**($16,201,463.00)**	**$1,832,677,536.21**	**$1,793,115,687.84**	**$39,561,848.37**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jul - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jul - 2015*	Previous Month	Variance	Month: *Jul - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,711,317,601.75	$1,697,206,690.98	$14,110,910.77	$1,711,317,601.75	$1,619,842,058.87	$91,475,542.88
Accum Depreciation & Amort	($365,234,616.96)	($362,892,975.76)	($2,341,641.20)	($365,234,616.96)	($349,862,908.03)	($15,371,708.93)
Net Utility Plant	**$1,346,082,984.79**	**$1,334,313,715.22**	**$11,769,269.57**	**$1,346,082,984.79**	**$1,269,979,150.84**	**$76,103,833.95**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,346,091,331.28**	**$1,334,322,061.71**	**$11,769,269.57**	**$1,346,091,331.28**	**$1,269,987,497.33**	**$76,103,833.95**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,604,652.33	$18,594,628.08	$10,024.25	$18,604,652.33	$18,198,818.84	$405,833.49
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,604,652.33**	**$18,594,628.08**	**$10,024.25**	**$18,604,652.33**	**$18,198,818.84**	**$405,833.49**
Current Assets						
Cash and Cash Equivalents	$2,455,006.51	$6,846,073.64	($4,391,067.13)	$2,455,006.51	$2,622,543.11	($167,536.60)
Restricted Cash	$1.01	$1.01	$0.00	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($1,640,734.26)	($1,186,758.65)	($453,975.61)	($1,640,734.26)	($431,453.75)	($1,209,280.51)
Accounts Receivable - Affil	$52,919,554.32	$67,099,192.61	($14,179,638.29)	$52,919,554.32	$50,047,873.05	$2,871,681.27
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$68,079,899.20	$58,287,110.04	$9,792,789.16	$68,079,899.20	$96,517,311.52	($28,437,412.32)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$720,463.31	$705,247.15	$15,216.16	$720,463.31	$657,437.43	$63,025.88
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$62,461.00	$97,118.00	($34,657.00)	$62,461.00	$0.00	$62,461.00
Exchange Gas Receivable	$1,316,868.57	$4,482,973.14	($3,166,104.57)	$1,316,868.57	$238,529.18	$1,078,339.39
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,690,121.84	$1,968,369.17	($278,247.33)	$1,690,121.84	$5,384,420.60	($3,694,298.76)
Prepayments and Other	$14,514,229.33	$12,392,570.39	$2,121,658.94	$14,514,229.33	$14,067,017.66	$447,211.67
Current Assets	**$140,117,870.93**	**$150,691,896.60**	**($10,574,025.67)**	**$140,117,870.93**	**$170,433,558.90**	**($30,315,687.97)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$273,456,858.26	$270,185,968.29	$3,270,889.97	$273,456,858.26	$268,724,206.63	$4,732,651.63
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$58,748,565.31	$58,882,981.53	($134,416.22)	$58,748,565.31	$65,771,606.14	($7,023,040.83)
Other Assets	**$332,205,423.57**	**$329,068,949.82**	**$3,136,473.75**	**$332,205,423.57**	**$334,495,812.77**	**($2,290,389.20)**
Assets	**$1,837,019,278.11**	**$1,832,677,536.21**	**$4,341,741.90**	**$1,837,019,278.11**	**$1,793,115,687.84**	**$43,903,590.27**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,951,763.00	$7,951,763.00	$0.00	$7,951,763.00	$7,720,355.00	$231,408.00
Retained Earnings	$536,427,546.47	$538,348,820.32	($1,921,273.85)	$536,427,546.47	$485,681,500.60	$50,746,045.87
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$589,507,109.47**	**$591,428,383.32**	**($1,921,273.85)**	**$589,507,109.47**	**$538,529,655.60**	**$50,977,453.87**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$467,009,039.18	$467,044,365.00	($35,325.82)	$467,009,039.18	$403,310,324.57	$63,698,714.61
Capitalization	**$1,056,516,148.65**	**$1,058,472,748.32**	**($1,956,599.67)**	**$1,056,516,148.65**	**$941,839,980.17**	**$114,676,168.48**
Current Liabilities						
Current Portion of LT Debt	$373,916.99	$367,503.56	$6,413.43	$373,916.99	$181,709.60	$192,207.39
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$29,807,088.02	$29,047,633.85	$759,454.17	$29,807,088.02	$26,345,164.38	$3,461,923.64

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Jul - 2015
FDW Standard Report - For Internal Use Only

	Month: *Jul - 2015*	Previous Month	Variance	Month: *Jul - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$14,057,615.31	$16,016,738.60	($1,959,123.29)	$14,057,615.31	$13,951,642.73	$105,972.58
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$23,045,063.48	$14,390,101.41	$8,654,962.07	$23,045,063.48	$43,703,440.84	($20,658,377.36)
Taxes Accrued	$19,493,476.88	$23,279,664.58	($3,786,187.70)	$19,493,476.88	$7,773,680.25	$11,719,796.63
Interest Accrued	$307,379.79	$305,070.41	$2,309.38	$307,379.79	$370,472.19	($63,092.40)
Overrecovered Gas & Fuel Costs	$29,157,574.85	$32,813,640.86	($3,656,066.01)	$29,157,574.85	$724,333.08	$28,433,241.77
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$5,912,262.69	$6,298,224.69	($385,962.00)	$5,912,262.69	$13,695,877.68	($7,783,614.99)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$5,308,240.15	$4,404,049.13	$904,191.02	$5,308,240.15	$7,967,141.54	($2,658,901.39)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$310,000.00	$310,000.00	$0.00	$310,000.00	$356,945.18	($46,945.18)
Other Accruals	$13,781,394.27	$12,364,727.81	$1,416,666.46	$13,781,394.27	$17,328,558.53	($3,547,164.26)
Current Liabilities	**$189,072,262.43**	**$187,115,604.90**	**$1,956,657.53**	**$189,072,262.43**	**$270,889,051.05**	**($81,816,788.62)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$517,233,475.04	$515,656,169.74	$1,577,305.30	$517,233,475.04	$503,597,697.10	$13,635,777.94
Deferred Investment Tax Credit	$2,972,444.00	$3,002,464.00	($30,020.00)	$2,972,444.00	$3,182,584.00	($210,140.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$7,104,941.16	$5,529,781.27	$1,575,159.89	$7,104,941.16	$7,282,580.00	($177,638.84)
Noncurrent Regulatory Liab	$42,276,325.24	$40,749,696.74	$1,526,628.50	$42,276,325.24	$44,345,507.86	($2,069,182.62)
Asset Retirement Obligations	$5,229,559.95	$5,202,323.63	$27,236.32	$5,229,559.95	$5,041,864.87	$187,695.08
Other Noncurrent Liabilities	$16,603,341.01	$16,937,966.98	($334,625.97)	$16,603,341.01	$16,936,422.79	($333,081.78)
Noncurrent Liabilities	**$591,430,867.03**	**$587,089,182.99**	**$4,341,684.04**	**$591,430,867.03**	**$580,386,656.62**	**$11,044,210.41**
Capitalization and Liabilities	**$1,837,019,278.11**	**$1,832,677,536.21**	**$4,341,741.90**	**$1,837,019,278.11**	**$1,793,115,687.84**	**$43,903,590.27**

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Aug - 2015
FDW Standard Report - For Internal Use Only

	Month: *Aug - 2015*	Previous Month	Variance	Month: *Aug - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,729,289,782.13	$1,711,317,601.75	$17,972,180.38	$1,729,289,782.13	$1,619,842,058.87	$109,447,723.26
Accum Depreciation & Amort	($367,690,678.62)	($365,234,616.96)	($2,456,061.66)	($367,690,678.62)	($349,862,908.03)	($17,827,770.59)
Net Utility Plant	**$1,361,599,103.51**	**$1,346,082,984.79**	**$15,516,118.72**	**$1,361,599,103.51**	**$1,269,979,150.84**	**$91,619,952.67**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,361,607,450.00**	**$1,346,091,331.28**	**$15,516,118.72**	**$1,361,607,450.00**	**$1,269,987,497.33**	**$91,619,952.67**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,623,113.96	$18,604,652.33	$18,461.63	$18,623,113.96	$18,198,818.84	$424,295.12
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,623,113.96**	**$18,604,652.33**	**$18,461.63**	**$18,623,113.96**	**$18,198,818.84**	**$424,295.12**
Current Assets						
Cash and Cash Equivalents	$1,800,751.12	$2,455,006.51	($654,255.39)	$1,800,751.12	$2,622,543.11	($821,791.99)
Restricted Cash	$1.01	$1.01	$0.00	$1.01	$1,329,880.00	($1,329,878.99)
Accounts Receivable - Unaffil	($2,130,463.56)	($1,640,734.26)	($489,729.30)	($2,130,463.56)	($431,453.75)	($1,699,009.81)
Accounts Receivable - Affil	$33,315,731.09	$52,919,554.32	($19,603,823.23)	$33,315,731.09	$50,047,873.05	($16,732,141.96)
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$78,813,916.82	$68,079,899.20	$10,734,017.62	$78,813,916.82	$96,517,311.52	($17,703,394.70)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$723,837.83	$720,463.31	$3,374.52	$723,837.83	$657,437.43	$66,400.40
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$39,365.00	$62,461.00	($23,096.00)	$39,365.00	$0.00	$39,365.00
Exchange Gas Receivable	$96,199.46	$1,316,868.57	($1,220,669.11)	$96,199.46	$238,529.18	($142,329.72)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,382,278.57	$1,690,121.84	($307,843.27)	$1,382,278.57	$5,384,420.60	($4,002,142.03)
Prepayments and Other	$13,180,214.81	$14,514,229.33	($1,334,014.52)	$13,180,214.81	$14,067,017.66	($886,802.85)
Current Assets	**$127,221,832.25**	**$140,117,870.93**	**($12,896,038.68)**	**$127,221,832.25**	**$170,433,558.90**	**($43,211,726.65)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$273,375,839.43	$273,456,858.26	($81,018.83)	$273,375,839.43	$268,724,206.63	$4,651,632.80
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$58,558,585.72	$58,748,565.31	($189,979.59)	$58,558,585.72	$65,771,606.14	($7,213,020.42)
Other Assets	**$331,934,425.15**	**$332,205,423.57**	**($270,998.42)**	**$331,934,425.15**	**$334,495,812.77**	**($2,561,387.62)**
Assets	**$1,839,386,821.36**	**$1,837,019,278.11**	**$2,367,543.25**	**$1,839,386,821.36**	**$1,793,115,687.84**	**$46,271,133.52**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,951,763.00	$7,951,763.00	$0.00	$7,951,763.00	$7,720,355.00	$231,408.00
Retained Earnings	$533,459,218.28	$536,427,546.47	($2,968,328.19)	$533,459,218.28	$485,681,500.60	$47,777,717.68
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$586,538,781.28**	**$589,507,109.47**	**($2,968,328.19)**	**$586,538,781.28**	**$538,529,655.60**	**$48,009,125.68**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$466,973,534.02	$467,009,039.18	($35,505.16)	$466,973,534.02	$403,310,324.57	$63,663,209.45
Capitalization	**$1,053,512,315.30**	**$1,056,516,148.65**	**($3,003,833.35)**	**$1,053,512,315.30**	**$941,839,980.17**	**$111,672,335.13**
Current Liabilities						
Current Portion of LT Debt	$380,363.63	$373,916.99	$6,446.64	$380,363.63	$181,709.60	$198,654.03
Short-Term Borrowings	$50,076,242.04	$47,350,000.00	$2,726,242.04	$50,076,242.04	$137,146,655.05	($87,070,413.01)
Accounts Payable - Unaffil	$30,259,308.66	$29,807,088.02	$452,220.64	$30,259,308.66	$26,345,164.38	$3,914,144.28

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Aug - 2015
FDW Standard Report - For Internal Use Only

	Month: *Aug - 2015*	Previous Month	Variance	Month: *Aug - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$17,240,313.74	$14,057,615.31	$3,182,698.43	$17,240,313.74	$13,951,642.73	$3,288,671.01
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$31,439,390.25	$23,045,063.48	$8,394,326.77	$31,439,390.25	$43,703,440.84	($12,264,050.59)
Taxes Accrued	$10,043,534.95	$19,493,476.88	($9,449,941.93)	$10,043,534.95	$7,773,680.25	$2,269,854.70
Interest Accrued	$311,076.16	$307,379.79	$3,696.37	$311,076.16	$370,472.19	($59,396.03)
Overrecovered Gas & Fuel Costs	$27,178,458.34	$29,157,574.85	($1,979,116.51)	$27,178,458.34	$724,333.08	$26,454,125.26
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$5,293,867.12	$5,912,262.69	($618,395.57)	$5,293,867.12	$13,695,877.68	($8,402,010.56)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$5,864,694.66	$5,308,240.15	$556,454.51	$5,864,694.66	$7,967,141.54	($2,102,446.88)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$310,000.00	$310,000.00	$0.00	$310,000.00	$356,945.18	($46,945.18)
Other Accruals	$14,272,048.67	$13,781,394.27	$490,654.40	$14,272,048.67	$17,328,558.53	($3,056,509.86)
Current Liabilities	**$192,837,548.22**	**$189,072,262.43**	**$3,765,285.79**	**$192,837,548.22**	**$270,889,051.05**	**($78,051,502.83)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$518,833,814.46	$517,233,475.04	$1,600,339.42	$518,833,814.46	$503,597,697.10	$15,236,117.36
Deferred Investment Tax Credit	$2,942,424.00	$2,972,444.00	($30,020.00)	$2,942,424.00	$3,182,584.00	($240,160.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,829,995.55	$7,104,941.16	($274,945.61)	$6,829,995.55	$7,282,580.00	($452,584.45)
Noncurrent Regulatory Liab	$42,539,542.10	$42,276,325.24	$263,216.86	$42,539,542.10	$44,345,507.86	($1,805,965.76)
Asset Retirement Obligations	$5,085,714.16	$5,229,559.95	($143,845.79)	$5,085,714.16	$5,041,864.87	$43,849.29
Other Noncurrent Liabilities	$16,794,686.94	$16,603,341.01	$191,345.93	$16,794,686.94	$16,936,422.79	($141,735.85)
Noncurrent Liabilities	**$593,036,957.84**	**$591,430,867.03**	**$1,606,090.81**	**$593,036,957.84**	**$580,386,656.62**	**$12,650,301.22**
Capitalization and Liabilities	**$1,839,386,821.36**	**$1,837,019,278.11**	**$2,367,543.25**	**$1,839,386,821.36**	**$1,793,115,687.84**	**$46,271,133.52**

A/R AND RELATED RESERVES HAVE BEEN SOLD TO CGPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Sep - 2015
FDW Standard Report - For Internal Use Only

	Month: *Sep - 2015*	Previous Month	Variance	Month: *Sep - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,748,149,499.33	$1,729,289,782.13	$18,859,717.20	$1,748,149,499.33	$1,619,842,058.87	$128,307,440.46
Accum Depreciation & Amort	($369,661,489.46)	($367,690,678.62)	($1,970,810.84)	($369,661,489.46)	($349,862,908.03)	($19,798,581.43)
Net Utility Plant	**$1,378,488,009.87**	**$1,361,599,103.51**	**$16,888,906.36**	**$1,378,488,009.87**	**$1,269,979,150.84**	**$108,508,859.03**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,378,496,356.36**	**$1,361,607,450.00**	**$16,888,906.36**	**$1,378,496,356.36**	**$1,269,987,497.33**	**$108,508,859.03**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,625,967.33	$18,623,113.96	$2,853.37	$18,625,967.33	$18,198,818.84	$427,148.49
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,625,967.33**	**$18,623,113.96**	**$2,853.37**	**$18,625,967.33**	**$18,198,818.84**	**$427,148.49**
Current Assets						
Cash and Cash Equivalents	$2,102,578.12	$1,800,751.12	$301,827.00	$2,102,578.12	$2,622,543.11	($519,964.99)
Restricted Cash	$0.00	$1.01	($1.01)	$0.00	$1,329,880.00	($1,329,880.00)
Accounts Receivable - Unaffil	($2,801,226.78)	($2,130,463.56)	($670,763.22)	($2,801,226.78)	($431,453.75)	($2,369,773.03)
Accounts Receivable - Affil	$68,340,102.39	$33,315,731.09	$35,024,371.30	$68,340,102.39	$50,047,873.05	$18,292,229.34
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$87,893,668.70	$78,813,916.82	$9,079,751.88	$87,893,668.70	$96,517,311.52	($8,623,642.82)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$742,923.78	$723,837.83	$19,085.95	$742,923.78	$657,437.43	$85,486.35
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$17,951.00	$39,365.00	($21,414.00)	$17,951.00	$0.00	$17,951.00
Exchange Gas Receivable	$91,802.43	$96,199.46	($4,397.03)	$91,802.43	$238,529.18	($146,726.75)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$1,234,528.80	$1,382,278.57	($147,749.77)	$1,234,528.80	$5,384,420.60	($4,149,891.80)
Prepayments and Other	$16,515,516.05	$13,180,214.81	$3,335,301.24	$16,515,516.05	$14,067,017.66	$2,448,498.39
Current Assets	**$174,137,844.59**	**$127,221,832.25**	**$46,916,012.34**	**$174,137,844.59**	**$170,433,558.90**	**$3,704,285.69**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$273,237,903.70	$273,375,839.43	($137,935.73)	$273,237,903.70	$268,724,206.63	$4,513,697.07
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$56,651,697.52	$58,558,585.72	($1,906,888.20)	$56,651,697.52	$65,771,606.14	($9,119,908.62)
Other Assets	**$329,889,601.22**	**$331,934,425.15**	**($2,044,823.93)**	**$329,889,601.22**	**$334,495,812.77**	**($4,606,211.55)**
Assets	**$1,901,149,769.50**	**$1,839,386,821.36**	**$61,762,948.14**	**$1,901,149,769.50**	**$1,793,115,687.84**	**$108,034,081.66**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,888,697.00	$7,951,763.00	($63,066.00)	$7,888,697.00	$7,720,355.00	$168,342.00
Retained Earnings	$530,917,010.04	$533,459,218.28	($2,542,208.24)	$530,917,010.04	$485,681,500.60	$45,235,509.44
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$583,933,507.04**	**$586,538,781.28**	**($2,605,274.24)**	**$583,933,507.04**	**$538,529,655.60**	**$45,403,851.44**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$526,937,848.23	$466,973,534.02	$59,964,314.21	$526,937,848.23	$403,310,324.57	$123,627,523.66
Capitalization	**$1,110,871,355.27**	**$1,053,512,315.30**	**$57,359,039.97**	**$1,110,871,355.27**	**$941,839,980.17**	**$169,031,375.10**
Current Liabilities						
Current Portion of LT Debt	$386,843.71	$380,363.63	$6,480.08	$386,843.71	$181,709.60	$205,134.11
Short-Term Borrowings	$47,350,000.00	$50,076,242.04	($2,726,242.04)	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$30,577,806.47	$30,259,308.66	$318,497.81	$30,577,806.47	$26,345,164.38	$4,232,642.09

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Sep - 2015
FDW Standard Report - For Internal Use Only

	Month: *Sep - 2015*	Previous Month	Variance	Month: *Sep - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$17,202,945.54	$17,240,313.74	($37,368.20)	$17,202,945.54	$13,951,642.73	$3,251,302.81
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$39,172,677.53	$31,439,390.25	$7,733,287.28	$39,172,677.53	$43,703,440.84	($4,530,763.31)
Taxes Accrued	$5,817,702.35	$10,043,534.95	($4,225,832.60)	$5,817,702.35	$7,773,680.25	($1,955,977.90)
Interest Accrued	$314,564.19	$311,076.16	$3,488.03	$314,564.19	$370,472.19	($55,908.00)
Overrecovered Gas & Fuel Costs	$24,673,891.89	$27,178,458.34	($2,504,566.45)	$24,673,891.89	$724,333.08	$23,949,558.81
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$7,078,789.51	$5,293,867.12	$1,784,922.39	$7,078,789.51	$13,695,877.68	($6,617,088.17)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$6,985,423.66	$5,864,694.66	$1,120,729.00	$6,985,423.66	$7,967,141.54	($981,717.88)
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$330,000.00	$310,000.00	$20,000.00	$330,000.00	$356,945.18	($26,945.18)
Other Accruals	$14,915,412.26	$14,272,048.67	$643,363.59	$14,915,412.26	$17,328,558.53	($2,413,146.27)
Current Liabilities	**$194,974,307.11**	**$192,837,548.22**	**$2,136,758.89**	**$194,974,307.11**	**$270,889,051.05**	**($75,914,743.94)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$520,824,516.90	$518,833,814.46	$1,990,702.44	$520,824,516.90	$503,597,697.10	$17,226,819.80
Deferred Investment Tax Credit	$2,912,404.00	$2,942,424.00	($30,020.00)	$2,912,404.00	$3,182,584.00	($270,180.00)
Deferred Credits	$10,780.63	$10,780.63	$0.00	$10,780.63	$0.00	$10,780.63
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,750,034.34	$6,829,995.55	($79,961.21)	$6,750,034.34	$7,282,580.00	($532,545.66)
Noncurrent Regulatory Liab	$42,714,650.12	$42,539,542.10	$175,108.02	$42,714,650.12	$44,345,507.86	($1,630,857.74)
Asset Retirement Obligations	$5,112,333.08	$5,085,714.16	$26,618.92	$5,112,333.08	$5,041,864.87	$70,468.21
Other Noncurrent Liabilities	$16,979,388.05	$16,794,686.94	$184,701.11	$16,979,388.05	$16,936,422.79	$42,965.26
Noncurrent Liabilities	**$595,304,107.12**	**$593,036,957.84**	**$2,267,149.28**	**$595,304,107.12**	**$580,386,656.62**	**$14,917,450.50**
Capitalization and Liabilities	**$1,901,149,769.50**	**$1,839,386,821.36**	**$61,762,948.14**	**$1,901,149,769.50**	**$1,793,115,687.84**	**$108,034,081.66**

A/R AND RELATED RESERVES HAVE BEEN SOLD TO CGPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Oct - 2015
FDW Standard Report - For Internal Use Only

	Month: *Oct - 2015*	Previous Month	Variance	Month: *Oct - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,765,080,265.39	$1,748,149,499.33	$16,930,766.06	$1,765,080,265.39	$1,619,842,058.87	$145,238,206.52
Accum Depreciation & Amort	($370,550,688.98)	($369,661,489.46)	($889,199.52)	($370,550,688.98)	($349,862,908.03)	($20,687,780.95)
Net Utility Plant	**$1,394,529,576.41**	**$1,378,488,009.87**	**$16,041,566.54**	**$1,394,529,576.41**	**$1,269,979,150.84**	**$124,550,425.57**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,394,537,922.90**	**$1,378,496,356.36**	**$16,041,566.54**	**$1,394,537,922.90**	**$1,269,987,497.33**	**$124,550,425.57**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,655,501.10	$18,625,967.33	$29,533.77	$18,655,501.10	$18,198,818.84	$456,682.26
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,655,501.10**	**$18,625,967.33**	**$29,533.77**	**$18,655,501.10**	**$18,198,818.84**	**$456,682.26**
Current Assets						
Cash and Cash Equivalents	$1,497,428.27	$2,102,578.12	($605,149.85)	$1,497,428.27	$2,622,543.11	($1,125,114.84)
Restricted Cash	$0.00	$0.00	$0.00	$0.00	$1,329,880.00	($1,329,880.00)
Accounts Receivable - Unaffil	($2,472,196.14)	($2,801,226.78)	$329,030.64	($2,472,196.14)	($431,453.75)	($2,040,742.39)
Accounts Receivable - Affil	$61,222,836.22	$68,340,102.39	($7,117,266.17)	$61,222,836.22	$50,047,873.05	$11,174,963.17
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$90,231,864.26	$87,893,668.70	$2,338,195.56	$90,231,864.26	$96,517,311.52	($6,285,447.26)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$751,716.37	$742,923.78	$8,792.59	$751,716.37	$657,437.43	$94,278.94
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	$0.00	$17,951.00	($17,951.00)	$0.00	$0.00	$0.00
Exchange Gas Receivable	$9,863.99	$91,802.43	($81,938.44)	$9,863.99	$238,529.18	($228,665.19)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$696,914.45	$1,234,528.80	($537,614.35)	$696,914.45	$5,384,420.60	($4,687,506.15)
Prepayments and Other	$17,256,683.01	$16,515,516.05	$741,166.96	$17,256,683.01	$14,067,017.66	$3,189,665.35
Current Assets	**$169,195,110.53**	**$174,137,844.59**	**($4,942,734.06)**	**$169,195,110.53**	**$170,433,558.90**	**($1,238,448.37)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$273,143,364.66	$273,237,903.70	($94,539.04)	$273,143,364.66	$268,724,206.63	$4,419,158.03
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$55,842,469.51	$56,651,697.52	($809,228.01)	$55,842,469.51	$65,771,606.14	($9,929,136.63)
Other Assets	**$328,985,834.17**	**$329,889,601.22**	**($903,767.05)**	**$328,985,834.17**	**$334,495,812.77**	**($5,509,978.60)**
Assets	**$1,911,374,368.70**	**$1,901,149,769.50**	**$10,224,599.20**	**$1,911,374,368.70**	**$1,793,115,687.84**	**$118,258,680.86**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,888,697.00	$7,888,697.00	$0.00	$7,888,697.00	$7,720,355.00	$168,342.00
Retained Earnings	$532,545,869.96	$530,917,010.04	$1,628,859.92	$532,545,869.96	$485,681,500.60	$46,864,369.36
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$585,562,366.96**	**$583,933,507.04**	**$1,628,859.92**	**$585,562,366.96**	**$538,529,655.60**	**$47,032,711.36**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$526,901,980.48	$526,937,848.23	($35,867.75)	$526,901,980.48	$403,310,324.57	$123,591,655.91
Capitalization	**$1,112,464,347.44**	**$1,110,871,355.27**	**$1,592,992.17**	**$1,112,464,347.44**	**$941,839,980.17**	**$170,624,367.27**
Current Liabilities						
Current Portion of LT Debt	$393,357.48	$386,843.71	$6,513.77	$393,357.48	$181,709.60	$211,647.88
Short-Term Borrowings	$47,350,000.00	$47,350,000.00	$0.00	$47,350,000.00	$137,146,655.05	($89,796,655.05)
Accounts Payable - Unaffil	$32,149,205.06	$30,577,806.47	$1,571,398.59	$32,149,205.06	$26,345,164.38	$5,804,040.68

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Oct - 2015
FDW Standard Report - For Internal Use Only

	Month: *Oct - 2015*	Previous Month	Variance	Month: *Oct - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$20,040,691.39	$17,202,945.54	$2,837,745.85	$20,040,691.39	$13,951,642.73	$6,089,048.66
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$46,924,648.95	$39,172,677.53	$7,751,971.42	$46,924,648.95	$43,703,440.84	$3,221,208.11
Taxes Accrued	$6,004,818.64	$5,817,702.35	$187,116.29	$6,004,818.64	$7,773,680.25	($1,768,861.61)
Interest Accrued	$317,461.56	$314,564.19	$2,897.37	$317,461.56	$370,472.19	($53,010.63)
Overrecovered Gas & Fuel Costs	$20,056,278.29	$24,673,891.89	($4,617,613.60)	$20,056,278.29	$724,333.08	$19,331,945.21
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$8,498,004.76	$7,078,789.51	$1,419,215.25	$8,498,004.76	$13,695,877.68	($5,197,872.92)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$8,150,475.14	$6,985,423.66	$1,165,051.48	$8,150,475.14	$7,967,141.54	$183,333.60
Post Benefits - Curr Liab	$168,250.00	$168,250.00	$0.00	$168,250.00	$168,250.00	$0.00
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$330,000.00	$330,000.00	$0.00	$330,000.00	$356,945.18	($26,945.18)
Other Accruals	$12,608,334.77	$14,915,412.26	($2,307,077.49)	$12,608,334.77	$17,328,558.53	($4,720,223.76)
Current Liabilities	**$202,991,526.04**	**$194,974,307.11**	**$8,017,218.93**	**$202,991,526.04**	**$270,889,051.05**	**($67,897,525.01)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$522,238,972.96	$520,824,516.90	$1,414,456.06	$522,238,972.96	$503,597,697.10	$18,641,275.86
Deferred Investment Tax Credit	$2,882,384.00	$2,912,404.00	($30,020.00)	$2,882,384.00	$3,182,584.00	($300,200.00)
Deferred Credits	$11,113.44	$10,780.63	$332.81	$11,113.44	$0.00	$11,113.44
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,451,120.46	$6,750,034.34	($298,913.88)	$6,451,120.46	$7,282,580.00	($831,459.54)
Noncurrent Regulatory Liab	$42,245,341.06	$42,714,650.12	($469,309.06)	$42,245,341.06	$44,345,507.86	($2,100,166.80)
Asset Retirement Obligations	$5,139,091.68	$5,112,333.08	$26,758.60	$5,139,091.68	$5,041,864.87	$97,226.81
Other Noncurrent Liabilities	$16,950,471.62	$16,979,388.05	($28,916.43)	$16,950,471.62	$16,936,422.79	$14,048.83
Noncurrent Liabilities	**$595,918,495.22**	**$595,304,107.12**	**$614,388.10**	**$595,918,495.22**	**$580,386,656.62**	**$15,531,838.60**
Capitalization and Liabilities	**$1,911,374,368.70**	**$1,901,149,769.50**	**$10,224,599.20**	**$1,911,374,368.70**	**$1,793,115,687.84**	**$118,258,680.86**

A/R AND RELATED RESERVES HAVE BEEN SOLD TO CGPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Nov - 2015
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2015*	Previous Month	Variance	Month: *Nov - 2015*	December of Previous Year	Variance
ASSETS						
Property, Plant, and Equipment						
Utility Plant	$1,781,297,413.25	$1,765,080,265.39	$16,217,147.86	$1,781,297,413.25	$1,619,842,058.87	$161,455,354.38
Accum Depreciation & Amort	($371,177,094.52)	($370,550,688.98)	($626,405.54)	($371,177,094.52)	($349,862,908.03)	($21,314,186.49)
Net Utility Plant	**$1,410,120,318.73**	**$1,394,529,576.41**	**$15,590,742.32**	**$1,410,120,318.73**	**$1,269,979,150.84**	**$140,141,167.89**
Other Property Less Accum	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Depreciation - Oth Prop	-	-	-	-	-	-
Net Property Plant & Equipment	**$1,410,128,665.22**	**$1,394,537,922.90**	**$15,590,742.32**	**$1,410,128,665.22**	**$1,269,987,497.33**	**$140,141,167.89**
Investments						
Assets of Discops and AHFS	-	-	-	-	-	-
Consolidated Affiliates	$18,689,156.98	$18,655,501.10	$33,655.88	$18,689,156.98	$18,198,818.84	$490,338.14
Unconsolidated Affiliates	-	-	-	-	-	-
Other Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	**$18,689,156.98**	**$18,655,501.10**	**$33,655.88**	**$18,689,156.98**	**$18,198,818.84**	**$490,338.14**
Current Assets						
Cash and Cash Equivalents	$3,980,126.06	$1,497,428.27	$2,482,697.79	$3,980,126.06	$2,622,543.11	$1,357,582.95
Restricted Cash	$0.00	$0.00	$0.00	$0.00	$1,329,880.00	($1,329,880.00)
Accounts Receivable - Unaffil	($2,519,958.43)	($2,472,196.14)	($47,762.29)	($2,519,958.43)	($431,453.75)	($2,088,504.68)
Accounts Receivable - Affil	$29,589,137.26	$61,222,836.22	($31,633,698.96)	$29,589,137.26	$50,047,873.05	($20,458,735.79)
Income Tax Receivable	$0.10	$0.10	$0.00	$0.10	$0.10	$0.00
Gas Inventory	$85,922,413.49	$90,231,864.26	($4,309,450.77)	$85,922,413.49	$96,517,311.52	($10,594,898.03)
Underrecovered Gas & Fuel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials and Supplies	$772,266.64	$751,716.37	$20,550.27	$772,266.64	$657,437.43	$114,829.21
Electric Production Fuel	-	-	-	-	-	-
Price Risk Mgmt Assets - Curr	-	-	-	-	-	-
Exchange Gas Receivable	$9,158.01	$9,863.99	($705.98)	$9,158.01	$238,529.18	($229,371.17)
Curr Assets of Discop & AHFS	-	-	-	-	-	-
Current Regulatory Assets	$750,189.96	$696,914.45	$53,275.51	$750,189.96	$5,384,420.60	($4,634,230.64)
Prepayments and Other	$17,455,463.27	$17,256,683.01	$198,780.26	$17,455,463.27	$14,067,017.66	$3,388,445.61
Current Assets	**$135,958,796.36**	**$169,195,110.53**	**($33,236,314.17)**	**$135,958,796.36**	**$170,433,558.90**	**($34,474,762.54)**
Other Assets						
Price Risk Mgmt Assets - NC	-	-	-	-	-	-
Noncurrent Regulatory Asset	$273,368,761.86	$273,143,364.66	$225,397.20	$273,368,761.86	$268,724,206.63	$4,644,555.23
Goodwill, less accum amort	-	-	-	-	-	-
Intangible assets, less accum	-	-	-	-	-	-
Post Benefits - NC Assets	-	-	-	-	-	-
Other NC Assets - Affil	-	-	-	-	-	-
Deferred Charges	$55,147,333.86	$55,842,469.51	($695,135.65)	$55,147,333.86	$65,771,606.14	($10,624,272.28)
Other Assets	**$328,516,095.72**	**$328,985,834.17**	**($469,738.45)**	**$328,516,095.72**	**$334,495,812.77**	**($5,979,717.05)**
Assets	**$1,893,292,714.28**	**$1,911,374,368.70**	**($18,081,654.42)**	**$1,893,292,714.28**	**$1,793,115,687.84**	**$100,177,026.44**
CAPITALIZATION AND LIABILITIES						
Capitalization						
Common Stock	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Additional Paid-in Capital	$7,888,697.00	$7,888,697.00	$0.00	$7,888,697.00	$7,720,355.00	$168,342.00
Retained Earnings	$538,878,314.59	$532,545,869.96	$6,332,444.63	$538,878,314.59	$485,681,500.60	$53,196,813.99
Accumulated OCI	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-
Common Stock Equity	**$591,894,811.59**	**$585,562,366.96**	**$6,332,444.63**	**$591,894,811.59**	**$538,529,655.60**	**$53,365,155.99**
Preferred Stock	-	-	-	-	-	-
Long-Term Debt	$508,340,929.49	$526,901,980.48	($18,561,050.99)	$508,340,929.49	$403,310,324.57	$105,030,604.92
Capitalization	**$1,100,235,741.08**	**$1,112,464,347.44**	**($12,228,606.36)**	**$1,100,235,741.08**	**$941,839,980.17**	**$158,395,760.91**
Current Liabilities						
Current Portion of LT Debt	$399,905.12	$393,357.48	$6,547.64	$399,905.12	$181,709.60	$218,195.52
Short-Term Borrowings	$35,445,002.06	$47,350,000.00	($11,904,997.94)	$35,445,002.06	$137,146,655.05	($101,701,652.99)
Accounts Payable - Unaffil	$27,725,828.56	$32,149,205.06	($4,423,376.50)	$27,725,828.56	$26,345,164.38	$1,380,664.18

Columbia Gas of Pennsylvania
Balance Sheet - GAAP
GAAP - Account GAAP Hierarchy
As of Nov - 2015
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2015*	Previous Month	Variance	Month: *Nov - 2015*	December of Previous Year	Variance
Accounts Payable - Affil	$22,883,629.80	$20,040,691.39	$2,842,938.41	$22,883,629.80	$13,951,642.73	$8,931,987.07
Dividends Payable	-	-	-	-	-	-
Customer Deposits & AR Credit	$51,021,465.44	$46,924,648.95	$4,096,816.49	$51,021,465.44	$43,703,440.84	$7,318,024.60
Taxes Accrued	$7,398,147.02	$6,004,818.64	$1,393,328.38	$7,398,147.02	$7,773,680.25	($375,533.23)
Interest Accrued	$321,188.86	$317,461.56	$3,727.30	$321,188.86	$370,472.19	($49,283.33)
Overrecovered Gas & Fuel Costs	$20,056,877.90	$20,056,278.29	$599.61	$20,056,877.90	$724,333.08	$19,332,544.82
Price Risk Mgmt Liab - Curr	$0.00	$0.00	$0.00	$0.00	$1,175,180.00	($1,175,180.00)
Exchange Gas Payables	$7,664,780.39	$8,498,004.76	($833,224.37)	$7,664,780.39	$13,695,877.68	($6,031,097.29)
Current Deferred Revenue	-	-	-	-	-	-
Current Regulatory Liabilities	$8,446,302.82	$8,150,475.14	$295,827.68	$8,446,302.82	$7,967,141.54	$479,161.28
Post Benefits - Curr Liab	$148,143.00	$168,250.00	($20,107.00)	$148,143.00	$168,250.00	($20,107.00)
Curr Liab of Discop & LHFS	-	-	-	-	-	-
LIFO Liquidation Credit	-	-	-	-	-	-
Legal & Environmental Reserves	$330,000.00	$330,000.00	$0.00	$330,000.00	$356,945.18	($26,945.18)
Other Accruals	$14,101,458.43	$12,608,334.77	$1,493,123.66	$14,101,458.43	$17,328,558.53	($3,227,100.10)
Current Liabilities	**$195,942,729.40**	**$202,991,526.04**	**($7,048,796.64)**	**$195,942,729.40**	**$270,889,051.05**	**($74,946,321.65)**
Noncurrent Liabilities						
Price Risk Mgmt Liab - NC	-	-	-	-	-	-
Deferred Income Taxes	$524,020,854.65	$522,238,972.96	$1,781,881.69	$524,020,854.65	$503,597,697.10	$20,423,157.55
Deferred Investment Tax Credit	$2,852,364.00	$2,882,384.00	($30,020.00)	$2,852,364.00	$3,182,584.00	($330,220.00)
Deferred Credits	$11,337.87	$11,113.44	$224.43	$11,337.87	$0.00	$11,337.87
Noncurrent Deferred Revenues	-	-	-	-	-	-
Post Benefits - NC Liab	$6,029,470.45	$6,451,120.46	($421,650.01)	$6,029,470.45	$7,282,580.00	($1,253,109.55)
Noncurrent Regulatory Liab	$41,980,611.07	$42,245,341.06	($264,729.99)	$41,980,611.07	$44,345,507.86	($2,364,896.79)
Asset Retirement Obligations	$5,165,990.71	$5,139,091.68	$26,899.03	$5,165,990.71	$5,041,864.87	$124,125.84
Other Noncurrent Liabilities	$17,053,615.05	$16,950,471.62	$103,143.43	$17,053,615.05	$16,936,422.79	$117,192.26
Noncurrent Liabilities	**$597,114,243.80**	**$595,918,495.22**	**$1,195,748.58**	**$597,114,243.80**	**$580,386,656.62**	**$16,727,587.18**
Capitalization and Liabilities	**$1,893,292,714.28**	**$1,911,374,368.70**	**($18,081,654.42)**	**$1,893,292,714.28**	**$1,793,115,687.84**	**$100,177,026.44**

A/R AND RELATED RESERVES HAVE BEEN SOLD TO CGPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-003:

Please provide the bond rating history for the Company and, if applicable, its parent from the major credit rating agencies for the last five years.

Response:

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating histories that are separate from NiSource Inc.

GAS-ROR-003 Attachment A provides the bond rating history for NiSource Inc. from January 2011 to December 2015.

Moody's updated NiSource's bond rating from Baa3 to Baa2 on January 31, 2014. Please reference GAS-ROR-004 Attachment E.

S&P updated NiSource's Corporate Credit Rating from BBB- to BBB+ on June 18, 2015. Please GAS-ROR-004 Attachment J

CREDIT RATINGS MATRIX

NiSource

Moody's	2015	2014	2013	2012	2011
Issuer Rating	Baa2	Baa2	Baa3	Baa3	Baa3
Commercial Paper	P-2	P-2	P-3	P-3	P-3
Standard & Poor's					
Corporate Credit Rating	BBB+	BBB-	BBB-	BBB-	BBB-
Commercial Paper	A-2	A-3	A-3	A-3	A-3
Fitch					
Issuer Rating	BBB-	BBB-	BBB-	BBB-	BBB-
Commercial Paper	F-3	F-3	F-3	F-3	F-3

Columbia Gas of Pennsylvania

Moody's	2015	2014	2013	2012	2011
Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR
Standard & Poor's					
Corporate Credit Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR
Fitch					
Issuer Rating	NR	NR	NR	NR	NR
Commercial Paper	NR	NR	NR	NR	NR

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-004:

Please provide copies of all bond rating reports relating to the Company and, if applicable, its parent for the past two years.

Response:

Columbia Gas of Pennsylvania, Inc., (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have bond rating reports that are separate from the Parent.

Attached are the following NiSource Inc. bond rating reports for the past two years:

Attachment A – Standard & Poors (February 2013)
Attachment B – Fitch (May 2013)
Attachment C – Fitch (October 2013)
Attachment D – Moody's (November 2013)
Attachment E – Moody's (January 2014)
Attachment F– Standard & Poors (March 2014)
Attachment G – Fitch (September 2014)
Attachment H – Moody's (September 2014)
Attachment I – Moody's (October 2014)
Attachment J – Standard & Poors (March 2015)
Attachment K– Moody's (May 2015)
Attachment L – Moody's (June 2015)
Attachment M –Standard & Poors (June 2015)
Attachment N – Moody's (June 2015)
Attachment O – Fitch (June 2015)
Attachments P – Fitch (October 2015)

STANDARD
& POOR'S
RATINGS SERVICES

RatingsDirect®

NiSource Inc.

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:
Michael T Ferguson, CFA, CPA, New York (1) 212-438-1000;
michael_ferguson@standardandpoors.com

Table Of Contents

NiSource Inc.

Corporate Credit Rating	BBB-/Stable/A-3

Profile Assessments

BUSINESS RISK	EXCELLENT	Vulnerable — Excellent
FINANCIAL RISK	AGGRESSIVE	Highly leveraged — Minimal

Rationale

Business Risk: Excellent	Financial Risk: Aggressive
• Conservative business strategy that focuses almost exclusively on regulated businesses • Regulated utilities with mostly low operating risks • Lack of competition in regulated service territories • Diverse service area in seven states and numerous regulatory jurisdictions • Large residential customer base • Gas distribution operations with geographic diversity and integration with the company's gas transmission network, providing operational flexibility • Electric utility subsidiary Northern Indiana Public Service Co.'s higher-than-average dependence on industrial customers and flat growth at the utility	• Relatively high debt leverage (debt to EBITDA of more than 5x) that we expect to remain at this level or higher • Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector • High capital spending • Continuing high dividends • Negative discretionary cash flow that could grow with greater capital spending

Outlook: Stable

The stable outlook reflects our expectation of steady operating and financial performance at the regulated subsidiaries and annual capital spending of more than $1.5 billion. Our base forecast includes FFO to debt of about 12%, debt to EBITDA of about 5.5x, and debt leverage to total capital of less than 63%, consistent with our expectations for the rating.

Downside scenario

We could lower ratings if financial measures weaken and remain at less-supportive levels, including a FFO to debt ratio of less than 10%.

Upside scenario

While we do not currently contemplate an upgrade, credit quality could improve if cash flow measures considerably improve, specifically FFO to debt of more than 15% on a sustained basis. In addition, we would expect debt to EBITDA of less than 5x and debt leverage of less than 60%. The company can accomplish this by paying down debt with higher internally generated cash flow, increased equity issuances, or asset dispositions.

Standard & Poor's Base-Case Scenario

Our base case scenario results in moderate EBITDA growth, growing capital spending, and rising debt leverage.

Assumptions

- Low single-digit base (excludes rate rider recovery) growth in EBITDA for the next three years
- Rate recovery through various surcharge mechanisms is authorized by regulatory commissions
- High dividend and capital spending that results in negative discretionary cash flow, resulting in external funding requirements
- Annual capital spending forecasted to be $1.5 billion to $1.8 billion over next three years

Key Metrics

	LTM 9/30/2012	2013E	2014E
FFO/Total debt	18.9%	12%-13%	11%-12%
Debt/EBITDA	5.3x	5.3x-5.7x	5.3x-5.7x
Total debt/Total capital	61.2%	62%-66%	63%-67%

*Standard & Poor's adjusted consolidated financial ratios for NiSource include adjustments for operating leases ($140 mil. of debt), pension-related items ($604 mil.), accrued interest not included in reported debt ($112 mil.), and asset retirement obligations ($95 mil.). EBITDA adjustments include pension-related items ($28 mil.), share-based compensation expense ($39 mil.), and income of unconsolidated companies ($28 mil.). FFO adjustments include pension-related items ($283 mil.). A--Actual. E--Estimate.

Company Description

NiSource Inc. is an energy hold company that is one of the largest natural gas distribution companies in the U.S., with nine gas distribution subsidiaries serving roughly 3.3 million customers in seven states extending from Indiana to Massachusetts. NiSource owns and operates 15,000 miles of interstate pipelines, and its natural gas storage operations can hold up to 640 billion cubic feet (bcf) of natural gas. Subsidiary Northern Indiana Public Service Co. (NIPSCO) provides electricity to 457,000 customers in northern Indiana. NiSource Finance Corp. is the financing entity for NiSource Inc., which is the guarantor of all the debt.

Business Risk: Excellent

Mostly regulated natural gas and electric operations

NiSource consist of low-risk regulated utilities and natural gas pipelines and will generate more than 80% of its operating cash flow through regulated operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provide operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. The gas transmission network has a huge underground storage system (working gas of about 280 billion cubic feet) and access to multiple supply basins. Slightly more than 90% of revenues are derived from firm take-or-pay contracts, and a moderate contract life exists mainly at maximum rates. These contracts provide more cash flow certainty because gas shippers pay whether or not they have gas to be transported.

NIPSCO mostly burns coal (nearly 80% of capacity), so it incurs higher-than-average environmental costs, but there is timely cost recovery through an environmental rate surcharge. NIPSCO's customer growth is flat, service territory unemployment is slightly higher than the national average, and it has significant industrial customer exposure representing about one-half of its total volumes. The industrial customers are susceptible to a weak economy, but volumes are back to typical levels following a falloff in recent years due to a weak economy. NIPSCO's residential rates are higher than the Indiana state average, but not the highest and are lower than the national average.

Reflected in the business risk profile is our assessment of the company's management and governance as "satisfactory". Management will execute its strategy to expand its midstream operations in a credit supportive manner that helps maintain a business risk profile assessment. There will be effective management of regulatory relationships.

S&P Base-Case Operating Scenario

- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Base EBITDA is forecasted to grow from customer growth, volume-related growth, and expansion projects that are expected to come into service over the forecasted period.
- Utility subsidiaries operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.
- NIPSCO continues spending on new transmission projects and pollution-control equipment while seeking higher operating cash flow through various rate surcharges and base rates. Once rate recovery of these investments begins, we forecast that revenue and EBITDA will grow beyond base levels.
- For the gas-gathering business, the largest source of new growth projects will likely be in the Marcellus Shale gas-gathering region, with spending backed by long-term off-take contracts, boosting EBITDA growth.
- Over the next five years, the company expects to spend $1.5 billion to modernize Columbia Transmission. An additive capital demand charge will help support cost recovery.

Peer comparison

Table 1

NiSource Inc.--Peer Comparison

Industry sector: combo

	NiSource Inc.	CenterPoint Energy Inc.	Sempra Energy	Vectren Corp.	AGL Resources Inc.
Rating as of Feb. 25, 2013	BBB-/Stable/A-3	BBB+/Stable/A-2	BBB+/Stable/A-2	A-/Stable/--	BBB+/Stable/A-2
	--Average of past three fiscal years--				
(Mil. $)					
Revenues	6,363.5	8,128.7	9,048.3	2,181.2	2,342.7
EBITDA	1,593.9	1,790.0	3,429.6	555.8	685.8
Operating income	982.5	1,186.0	1,903.0	323.6	505.8
EBIT	996.0	1,235.3	2,275.0	317.1	512.8
Interest Expense	430.2	509.7	656.0	109.2	128.1
Net income from cont. oper.	276.5	528.0	1,071.7	136.1	209.3
Funds from operations (FFO)	1,337.6	1,312.9	2,326.1	466.6	542.8
Working capital	157.7	161.0	(141.0)	(35.7)	17.7
Cash flow from operations	1,495.2	1,473.9	2,185.1	430.9	560.4
Capital expenditures	938.4	1,258.7	2,278.6	343.2	504.0
Free operating cash flow	556.8	215.2	(93.5)	87.6	56.4
Dividends paid	255.6	310.7	391.0	110.9	157.0
Discretionary cash flow	301.3	(95.4)	(484.5)	(23.2)	(100.6)
Cash and short-term investments	12.4	737.3	424.7	10.3	57.3
Debt	8,207.1	7,611.3	12,355.5	1,978.2	3,415.5
Preferred stock	0.0	0.0	152.3	0.0	0.0
Equity	5,013.5	3,353.0	9,655.7	1,445.1	2,331.3
Adjusted ratios					

Table 1

NiSource Inc.--Peer Comparison (cont.)					
EBITDA margin (%)	25.0	22.0	37.9	25.5	29.3
EBITDA interest coverage (x)	3.7	3.5	5.2	5.1	5.4
EBIT interest coverage (x)	2.3	2.4	3.5	2.9	4.0
Return on capital (%)	6.5	9.0	10.1	8.2	8.8
FFO/debt (%)	16.3	17.2	18.8	23.6	15.9
Free operating cash flow/debt (%)	6.8	2.8	(0.8)	4.4	1.7
Debt/EBITDA (x)	5.1	4.3	3.6	3.6	5.0
Total debt/debt plus equity (%)	62.1	69.4	56.1	57.8	59.4

Financial Risk: Aggressive

Large capital expenditures and substantial leverage

We consider NiSource's financial risk profile aggressive, reflecting adjusted financial measures that are in line with the rating. This assessment reflects large capital expenditures, mostly for improvement to gas pipelines and for environmental compliance programs at NIPSCO. Also, we consider the company's financial policies to be aggressive. The elevated capital spending and dividend payments translate to rising negative discretionary cash flow over the forecast period, requiring management to maintain vigilant cost recovery to maintain cash flow measures. The negative discretionary cash flow also points to external funding needs.

S&P Base-Case Cash Flow And Capital Structure Scenario

Our base-case suggests weakening cash flow measures over the next several years, due in part to lower bonus depreciation while growth capital spending is boosted. We expect debt leverage measures to remain roughly the same as previous years, with debt to EBITDA exceeding 5x and total debt to total capital of more than 60%.

- The majority of capital spending will be for utility maintenance and rate-tracked investments, with the remainder on growth projects. The increased capital spending results in weakening internal funding and a greater reliance on capital markets for financing.
- Refinancing of many upcoming debt maturities.
- Cash dividends grow faster than historical levels based on management provided annual growth rate of 3% to 5%.
- Continuing commitment to credit quality and the maintenance of a balanced capital structure.

Financial summary

Table 2

NiSource Inc.--Financial Summary					
Industry sector: combo					
	--Fiscal year ended Dec. 31--				
	2011	2010	2009	2008	2007
(Mil. $)					
Revenues	6,019.1	6,422.0	6,649.4	8,874.2	7,939.8

Table 2

NiSource Inc.--Financial Summary (cont.)					
EBITDA	1,564.2	1,638.8	1,578.6	1,499.4	1,517.0
Operating income	986.8	996.6	964.0	910.4	944.0
EBIT	994.1	1,015.4	978.6	940.3	946.9
Net income from continuing operations	303.8	294.6	231.2	369.8	312.0
Funds from operations (FFO)	1,583.7	1,225.1	1,203.9	1,051.6	906.7
Capital expenditures	1,138.3	801.1	875.7	1,283.6	848.1
Free operating cash flow	91.2	301.0	1,278.3	(604.1)	(33.7)
Dividends paid	257.8	255.6	253.3	252.4	252.1
Discretionary cash flow	(166.6)	45.4	1,025.0	(856.5)	(285.8)
Debt	8,477.4	8,070.0	8,073.9	8,613.3	7,281.2
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	5,011.5	4,982.8	5,046.1	4,907.5	5,389.3
Debt and equity	13,488.9	13,052.8	13,120.0	13,520.8	12,670.5
Adjusted ratios					
EBITDA margin (%)	26.0	25.5	23.7	16.9	19.1
EBITDA interest coverage (x)	4.0	4.0	3.2	3.4	3.3
EBIT interest coverage (x)	2.6	2.4	2.0	2.1	2.1
FFO interest coverage (x)	5.0	3.9	3.2	3.2	2.9
FFO/debt (%)	18.7	15.2	14.9	12.2	12.5
Discretionary cash flow/debt (%)	(2.0)	0.6	12.7	(9.9)	(3.9)
Net cash flow/capex (%)	116.5	121.0	108.5	62.3	77.2
Debt/EBITDA (x)	5.4	4.9	5.1	5.7	4.8
Debt/debt and equity (%)	62.8	61.8	61.5	63.7	57.5
Return on capital (%)	6.3	6.7	6.5	6.4	6.7
Return on common equity (%)	6.1	6.0	4.7	7.1	5.8
Common dividend payout ratio (unadjusted) (%)	85.0	86.8	109.6	68.3	80.8

Liquidity: Adequate

NiSource liquidity is considered as "adequate" under our liquidity methodology. We expect that NiSource's liquidity sources over the next 12 months will exceed its uses by 1.2x. We do expect NiSource will need to access the capital markets over the next few years to meet its liquidity needs, particularly for debt maturities and capital spending.

In our assessment, NiSource has good relationships with its banks and has a good standing in the credit markets, having successfully issued debt during the recent credit crisis.

Principal Liquidity Sources	Principal Liquidity Uses
• Funds from operations of about $1.2 billion in 2013 • Assumed credit facility availability of about $1.1 billion in 2013 • Working capital and cash of $30 million in 2013	• Debt maturities of about $500 million in 2013 • Maintenance capital spending of roughly $1.1 billion in 2013 • Cash dividends of $300 million in 2013

Debt maturities

Table 3

NiSource Inc.--Debt Maturities

(Mil. $)	2013	2014	2015	2016	2017	2018
	507.2	559.2	495.0	434.4	603.0	800.0

Covenant Analysis

As of Sept. 30, 2012, the company finance entity, NiSource Finance, had an adequate cushion of compliance with its one financial covenant (debt to total capitalization to be less than 70%. Headroom could erode if debt rises rapidly without adequate growth in equity during this capital spending phase.

Compliance Expectations	Schedule Of Step-Downs/Step-Ups
Covenant: 70% maximum debt to capitalization • Company was in compliance as of Sept. 30, 2012 • Single-digit EBITDA growth and higher capital spending should still permit a healthy cushion • Covenant headroom could decrease without adequate cost recovery of capital investments	• Current: 70% • As of year-end 2013: 70% • As of year-end 2014: 70%

Reconciliation

Table 4

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)

	--Fiscal year ended Dec. 31, 2011--									
NiSource Inc. reported amounts										
	Debt	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	7,953.8	4,997.3	6,019.1	1,460.1	905.1	376.8	920.3	920.3	257.8	1,125.2
Standard & Poor's adjustments										
Operating leases	140.0	--	--	8.3	8.3	8.3	32.1	32.1	--	16.2
Postretirement benefit obligations	604.1	--	--	27.7	27.7	--	282.9	282.9	--	--

Table 4

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $) (cont.)										
Capitalized interest	--	--	--	--	--	3.1	(3.1)	(3.1)	--	(3.1)
Share-based compensation expense	--	--	--	39.2	--	--	--	--	--	--
Asset retirement obligations	95.2	--	--	0.6	0.6	0.6	(2.7)	(2.7)	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	(7.3)	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	354.2	--	--
Debt--accrued interest not included in reported debt	111.9	--	--	--	--	--	--	--	--	--
Debt--other	(427.6)	--	--	--	--	--	--	--	--	--
Equity--other	--	14.2	--	--	--	--	--	--	--	--
EBITDA--income (expense) of unconsolidated companies	--	--	--	28.3	28.3	--	--	--	--	--
D&A--impairment charges/(reversals)	--	--	--	--	16.8	--	--	--	--	--
EBIT--income (expense) of unconsolidated companies	--	--	--	--	14.6	--	--	--	--	--
Total adjustments	523.6	14.2	0.0	104.1	89.0	12.0	309.2	663.4	0.0	13.1

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	8,477.4	5,011.5	6,019.1	1,564.2	994.1	388.8	1,229.5	1,583.7	257.8	1,138.3

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- 2008 Corporate Ratings Criteria: Ratios And Adjustments, April 15, 2008
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

Business And Financial Risk Matrix

	Financial Risk					
Business Risk	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent	AAA/AA+	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A-	BBB+	BBB	BB+	BB-	B+
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	B- or below

Note: These rating outcomes are shown for guidance purposes only. The ratings indicated in each cell of the matrix are the midpoints of the likely rating possibilities. There can be small positives and negatives that would lead to an outcome of one notch higher or lower than the typical matrix outcome. Moreover, there will be exceptions that go beyond a one-notch divergence. For example, the matrix does not address the lowest rungs of the credit spectrum (i.e., the 'CCC' category and lower). Other rating outcomes that are more than one notch off the matrix may occur for companies that have liquidity that we judge as "less than adequate" or "weak" under our criteria, or companies with "satisfactory" or better business risk profiles that have extreme debt burdens due to leveraged buyouts or other reasons. For government-related entities (GREs), the indicated rating would apply to the standalone credit profile, before giving any credit for potential government support.

Ratings Detail (As Of February 25, 2013)

NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/A-3
Commercial Paper	
Local Currency	A-3
Senior Unsecured	BBB-
Corporate Credit Ratings History	
28-Jul-2011	BBB-/Stable/A-3
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/A-3
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
Senior Unsecured	BBB/Developing

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

FitchRatings

Corporates

Energy (Oil & Gas)/ U.S.

NiSource Inc.

NiSource Finance Corp. and NiSource Capital Markets, Inc.

Full Rating Report

Ratings

NiSource Inc.

Long-Term IDR	BBB–

NiSource Finance Corp.

Long-Term IDR	BBB–
Short-Term IDR and CP	F3
Senior Unsecured	BBB–

NiSource Capital Markets, Inc.

Long-Term IDR	BBB–
Senior Unsecured	BBB–

IDR – Issuer default rating.

Rating Outlooks

NiSource Inc.	Stable
NiSource Finance Corp.	Stable
NiSource Capital Markets, Inc.	Stable

Financial Data

NiSource Inc.

(x)	12/31/12	3/31/13
EBITDA/Interest	4.0	3.8
FFO Coverage	4.3	3.9
Debt/EBITDA	5.0	4.9
FFO/Debt (%)	16.3	15.3

Related Criteria

Corporate Rating Methodology, Aug. 18, 2012
Short-Term Ratings Criteria for Non-Financial Corporates, April 2, 2013

Analysts

Ralph Pellecchia
+1 212 908-0586
ralph.pellecchia@fitchratings.com

Kathleen Connelly
+1 212 908-0290
kathleen.connelly@fitchratings.com

Key Rating Drivers

Low Business Risk: NiSource Inc.'s (NI) rating reflects the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other considerations include the long-term financial impact of aggressive pipeline and gas utility system modernization programs and electric environmental capital expenditures, with a substantial portion of recoveries expected to be received through tracking mechanisms and relatively weak credit metrics.

Year-end Leverage Remains High: NI's 2012 debt to EBITDA was 5.0x. NI's financial profile is expected to remain consistent with its current rating through its multi-year infrastructure-build cycle. Fitch projects NI's 2013 debt to EBITDA to be approximately 5.0x. Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered.

Pipeline System Modernization Provides Stability: In January 2013, the Federal Energy Regulatory Commission (FERC) approved a settlement between NI's Columbia Gas Transmission (Columbia) subsidiary and its customers addressing needed pipeline infrastructure investment. Under the settlement, Columbia will invest approximately $300 million per year on system improvements, in addition to $100 million in ongoing maintenance, over the 2013 through 2017 period. The settlement includes adjustments to rates and a capital cost tracker that provides a recovery of and return on Columbia's investment. On balance, the settlement provides near-term certainty of recovery, albeit modest in the beginning years. It also establishes a regulatory model for future infrastructure investment by Columbia which could reach $4 billion over a 10 – 15 year period.

Rating Outlook Stable: NI's Stable Outlook reflects the scale and diversity of its regulated operations.

Rating Sensitivities

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;

--Improving credit metrics through some combination of earnings growth and or debt reduction with sustained leverage at 4.5x or below.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Dec. 11, 2012	BBB-	Stable
Dec. 13, 2011	BBB-	Stable
Dec. 14, 2010	BBB-	Stable
Dec. 15, 2009	BBB-	Stable
Feb. 4, 2009	BBB-	Stable
May. 14, 2008	BBB	Stable
Jul. 10, 2007	BBB	Stable
Mar. 31, 2006	BBB	Stable
Dec. 6, 2005	BBB	Stable
Sep. 21, 2005	BBB	Stable
Jun. 30, 2003	BBB	Stable
Feb. 6, 2002	BBB	RWN
Dec. 6, 2001	BBB	Stable
Oct. 27, 2000	BBB+	Stable

Negative: Future developments that may individually or collectively, lead to a negative rating action include:

--Unfavorable regulatory decisions;

--Higher than anticipated leverage which could result should NI not issue adequate equity to help fund its significant capital program;

--Debt to EBITDA above 5.5x on a sustained basis would be a catalyst for a negative rating action.

Financial Overview

Liquidity and Debt Structure

NI's liquidity is expected to be adequate. NI affiliate, NiSource Finance Corp. (NiSource Finance), has a $1.5 billion revolving credit facility that matures in May 2017. The company also issues 'F3' rated commercial paper under a $1.5 billion CP program that is backstopped by the revolver. The revolver has one financial covenant which sets a maximum consolidated debt-to-cap ratio of 70%. The revolver also includes limitations on liens and restrictions on asset sales. At March 31, 2013, NI had approximately $ 795 million in net available liquidity under the revolver. NI also has a total of $515 million of accounts receivable securitization facilities as follows: $240 million at Columbia Gas of Ohio; $200 million at Northern Indiana Public Service Co.; and $75 million at Columbia Gas of Pennsylvania.

On April 15, 2013, NI Finance increased the size of a three-year term loan to $325 million from $250 million and extended its maturity one year to April 2016. On March 1, 2013, NI Finance redeemed $420 million of 6.15% unsecured notes and on April 12, 2013, it issued $750 million of 4.80% 30-year notes.

Consolidated Debt Maturity Schedule — NiSource Inc.

($ Mil.)

Year	Amount
2013	507
2014	559
2015	495
2016	434
2017	507

Source: Fitch.

FitchRatings Corporates

Summary — NiSource Inc.

	2009	2010	2011	2012	LTM Ended 3/31/2013
Fundamental Ratios (x)					
FFO/Interest Expense	3.41	3.85	4.20	4.00	4.08
CFO/Interest Expense	5.14	2.84	3.29	3.95	3.88
FFO/Debt (%)	14.23	15.31	15.26	15.86	16.40
Operating EBIT/Interest Expense	2.01	2.30	2.39	2.35	2.42
Operating EBITDA/Interest Expense	3.48	3.81	3.80	3.66	3.73
Operating EBITDAR/(Interest Expense + Rent)	3.48	3.81	3.80	3.66	3.73
Debt/Operating EBITDA	4.86	4.88	5.50	5.17	5.02
Common Dividend Payout (%)	116.06	87.67	86.29	65.62	58.47
Internal Cash/Capital Expenditures (%)	182.60	52.58	54.40	66.18	60.38
Capital Expenditures/Depreciation (%)	131.92	149.66	209.11	266.73	281.25
Profitability					
Adjusted Revenues	6,650.00	6,422.00	6,019.00	5,061.00	5,196.00
Net Revenues	3,332.00	3,448.00	3,463.00	3,519.00	3,596.00
Operating and Maintenance Expense	1,653.00	1,655.00	1,722.00	1,663.00	1,711.00
Operating EBITDA	1,395.00	1,506.00	1,446.00	1,568.00	1,597.00
Depreciation and Amortization Expense	589.00	596.00	538.00	562.00	560.00
Operating EBIT	806.00	910.00	908.00	1,006.00	1,037.00
Gross Interest Expense	401.00	395.00	380.00	429.00	428.00
Net Income for Common	218.00	292.00	299.00	416.00	484.00
Operating and Maintenance Expense % of Net Revenues	49.61	48.00	49.73	47.26	47.58
Operating EBIT % of Net Revenues	24.19	26.39	26.22	28.59	28.84
Cash Flow					
Cash Flow from Operations	1,659.00	725.00	870.00	1,265.00	1,234.00
Change in Working Capital	693.00	(401.00)	(344.00)	(20.00)	(82.00)
Funds From Operations	966.00	1,126.00	1,214.00	1,285.00	1,316.00
Dividends	(253.00)	(256.00)	(258.00)	(273.00)	(283.00)
Capital Expenditures	(777.00)	(892.00)	(1,125.00)	(1,499.00)	(1,575.00)
Free Cash Flow	629.00	(423.00)	(513.00)	(507.00)	(624.00)
Net Other Investment Cash Flow	124.00	(52.00)	(33.00)	48.00	173.00
Net Change in Debt	(770.00)	547.00	580.00	78.00	106.00
Net Equity Proceeds	8.00	13.00	21.00	374.00	377.00
Capital Structure					
Short-Term Debt	103.00	1,383.00	1,359.00	777.00	1,131.00
Long-Term Debt	6,684.00	5,970.00	6,594.00	7,326.00	6,893.00
Total Debt	6,787.00	7,353.00	7,953.00	8,103.00	8,024.00
Total Hybrid Equity and Minority Interest	-	-	-	-	-
Common Equity	4,854.00	4,923.00	4,997.00	5,554.00	5,691.00
Total Capital	11,641.00	12,276.00	12,950.00	13,657.00	13,715.00
Total Debt/Total Capital (%)	58.30	59.90	61.41	59.33	58.50
Total Hybrid Equity and Minority Interest/Total Capital (%)	-	-	-	-	-
Common Equity/Total Capital (%)	41.70	40.10	38.59	40.67	41.50

Source: Company reports.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

 In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

FitchRatings

Fitch Rates NiSource Finance's Notes 'BBB-'; Outlook Stable Ratings Endorsement Policy

03 Oct 2013 11:10 AM (EDT)

Fitch Ratings-New York-03 October 2013: Fitch Ratings has assigned a 'BBB-' rating to NiSource Finance Corp.'s (NiSource Finance) $500 million notes due 2045. NiSource Finance is a wholly-owned subsidiary of NiSource Inc. (NI; rated 'BBB-' with a Stable Outlook). The notes are unconditionally guaranteed by NI. Net proceeds from the notes will be used to repay commercial paper (CP) borrowings and for general corporate purposes.

KEY RATING DRIVERS:

NI's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other considerations include the long-term financial impact of aggressive pipeline and gas utility system modernization programs and electric environmental capital expenditures, with a substantial portion of recoveries expected to be received through tracking mechanisms.

Forward Expectations: NI's financial profile is expected to remain consistent with its current rating though its current multi-year infrastructure-build cycle. Fitch projects NI's 2013 debt to EBITDA to be approximately 5.2 times (x). Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered. NI's credit metrics in 2013 have benefited from a continuation of bonus depreciation and the sale of its retail services business for $120 million with proceeds used to reduce debt. For 2014 and beyond, maintenance of or modest improvement in leverage metrics will in part depend on some capital market and DRIP equity issuance given NI's substantial capital spending plan which is expected to be in the $1.8 billion to $2 billion annual range for the next several years.

Liquidity: NI's liquidity is expected to be adequate. NiSource Finance has a $2 billion revolving credit facility that matures on Sept. 30, 2018. The revolver was increased to $2 billion from $1.5 billion and its term extended by 16 months through an amendment effective Sept. 30, 2013. The company also issues 'F3' rated commercial paper under a $1.5 billion CP program that is backstopped by the revolver. The revolver has one financial covenant which sets a maximum consolidated debt-to-cap ratio of 70%. The revolver also includes limitations on liens and restrictions on asset sales. At Sept. 30, 2013, NI had approximately $1.364 billion in net available liquidity under the revolver. NI also has a total of $515 million of accounts receivable securitization facilities as follows: $240 million at Columbia Gas of Ohio; $200 at NIPSCO; and $75 million at Columbia Gas of Pennsylvania. The only material debt maturity through 2015 is $500 million of NiSource Finance notes maturing in July 2014.

RATING SENSITIVITIES:

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;
--Improving credit metrics with sustained leverage at 4.5x or below.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

--Unfavorable regulatory decisions;
--NI not issuing adequate equity to support its significant capital program resulting in sustained leverage above 5.5x.

Contact:

Primary Analyst
Ralph Pellecchia
Senior Director
+1-212-908-0586

Fitch Ratings, Inc.
One State Street Plaza, New York, NY 1004

Secondary Analyst
Kathleen Connelly
Director
+1-212-908-0290

Committee Chairperson
Mark C. Sadeghian, CFA
Senior Director
+1-312 368-2090

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' Aug. 8, 2012;
--'Funding U.S. LNG Export Facilities: Credit Issues for MLP and Corporate Sponsors' Aug. 20, 2013;
--'Investor Frequently Asked Questions on Pipeline, Midstream and MLP Sectors' Aug. 5, 2013;
--'Pipelines, Midstream, and MLP Stats Quarterly - First Quarter 2013' Aug. 12, 2013;
--'2013 Outlook: Natural Gas Pipelines and MLPs' Nov. 30, 2012;
--'Marcellus Shale Report: Midstream and Pipeline Sector Challenges and Opportunities' June 10, 2012;
--'Top Ten Questions Asked by Pipeline, Midstream, and MLP Investors' May 1, 2012.

Applicable Criteria and Related Research:
Corporate Rating Methodology: Including Short-Term Ratings and Parent and Subsidiary Linkage
Funding U.S. LNG Export Facilities (Credit Issues for MLP and Corporate Sponsors)
Investor FAQs: Recent Questions on the Pipeline, Midstream, and MLP Sectors
Pipelines, Midstream, and MLP Stats Quarterly -- First-Quarter 2013
2013 Outlook: Natural Gas Pipelines & MLPs
Marcellus Shale Report: Midstream and Pipeline Sector -- Challenges/Opportunities
Top Ten Questions Asked by Pipeline, Midstream and MLP Investors

Additional Disclosure
Solicitation Status

MOODY'S
INVESTORS SERVICE

Credit Opinion: NiSource Inc.

Global Credit Research - 15 Nov 2013

Merrillville, Indiana (State of), United States

Ratings

Category	**Moody's Rating**
Outlook	Rating(s) Under Review
Pref. Shelf	*(P)Ba2
NiSource Finance Corporation	
Outlook	Rating(s) Under Review
Issuer Rating	*Baa3
Bkd Sr Unsec Bank Credit Facility	*Baa3
Senior Unsecured	*Baa3
Bkd Commercial Paper	*P-3
NiSource Capital Markets, Inc.	
Outlook	Rating(s) Under Review
Bkd Senior Unsecured	*Baa3
Northern Indiana Public Service Company	
Outlook	Rating(s) Under Review
Issuer Rating	*Baa2
Senior Unsecured	*Baa2
Bay State Gas Company	
Outlook	Rating(s) Under Review
Senior Unsecured	*Baa2

* Placed under review for possible upgrade on November 8, 2013

Contacts

Analyst	**Phone**
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**NiSource Inc.**

	LTM 9/30/2013	**2012**	**2011**	**2010**
(CFO Pre-W/C + Interest) / Interest Expense	**4.3x**	**4.2x**	**3.8x**	**3.9x**
(CFO Pre-W/C) / Debt	**15.9%**	**16.3%**	**13.7%**	**15.7%**
(CFO Pre-W/C - Dividends) / Debt	**12.6%**	**13.3%**	**10.7%**	**12.6%**
Debt / Book Capitalization	**51.5%**	**51.5%**	**53.7%**	**53.6%**

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using

Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- MLP talk creates credit-negative buzz but commitment to investment grade stands
- Pipelines: system modernization on track for first FERC filing
- LDCs: 2013 rate cases yield rate increases and further improvements in rate design
- NIPSCO: with environmental spending on track, focus turns to longer term capex opportunities
- Bay State: files new rate case seeking to reduce regulatory lag
- Credit metrics to weaken somewhat over near term horizon

Corporate Profile

NiSource Inc. (Baa3 senior unsecured, RUR-Up, for its guaranteed financing vehicles) is a holding company with regulated local natural gas distribution company (LDC) subsidiaries in Ohio, Pennsylvania, Virginia, Massachusetts, Kentucky and Maryland; a combination of a vertically integrated electric and gas utility in Indiana, and an interstate natural gas pipeline and storage system that runs from the Gulf Coast to the Northeast. The company has three segments: Natural gas distribution (LDC, about 40% of operating income), pipelines and gas storage (Pipelines, roughly 40% of operating income) and Electric (about 20% of operating income). While the company has one of the largest LDC, gas pipeline, and gas storage systems in the US, its vertically integrated electric utility is considered mid-sized. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, RUR-Up) and Northern Indiana Public Service Company (NIPSCO, Baa2 senior unsecured, RUR-Up). Please refer to Moody's Credit Opinion on NIPSCO for more details.

SUMMARY RATING RATIONALE

NiSource's Baa3 rating reflects the diversity and regulated nature of its businesses as well as its improved financial profile. After a decade spent in maintenance mode due to balance sheet constraints following its acquisition of Columbia Energy Group and various operational issues, the company is now showing signs of improvements in its credit metrics and has begun to ramp up its investments in growth opportunities across all three business segments. The more aggressive spending plan will arrest the recent positive trend in credit metrics and keep them anemic for several years. However, we believe that management will maintain financial policies that will prevent its metrics from materially worsening and will take steps to defend its current investment grade rating, if necessary.

DETAILED RATING CONSIDERATIONS

MLP TALK CREATES CREDIT-NEGATIVE BUZZ BUT COMMITMENT TO INVESTMENT GRADE STANDS

From a credit perspective, the MLP corporate finance model is generally viewed as a credit negative because it creates a permanent demand on capital and cash flow growth. For the sponsor, forming an MLP could result in a more complex organizational structure and structural subordination of its debt. Depending on how the sponsor finances the MLP and how it uses the IPO proceeds, the credit implications to the sponsor could be credit neutral, at best.

NiSource is considering forming an MLP, at a time when equity investors are clamoring for MLPs and MLPs have become the prevailing model for financing pipeline investments. For NiSource, at this juncture, the company has signaled the need for equity in late 2015 and an MLP could be a source of equity from an alternative investor base. NiSource is ramping up investments in its large interstate natural gas pipeline system and a nascent midstream business in the Marcellus - Utica shale plays, and owns another long-haul pipe that transports natural gas between the Gulf and the Mid-Atlantic region. These assets offer steady cash flow that could be dropped into an MLP.

NiSource has been adamant in protecting its investment grade rating, so that if it does form an MLP, we believe the company will proceed cautiously from a small base and gradually growing it through asset drop-downs while keeping a close eye on its consolidated debt levels.

PIPELINES: SYSTEM MODERNIZATION ON TRACK FOR FIRST FERC FILING

The Pipeline segment is NiSource's highest-return operation and historically the most reliable positive cash flow generator among NiSource's three segments. It also has the most long-term growth potential, so more growth capital will be spent in this segment than in the other two.

In 2012, the Pipeline segment received FERC approval for a recovery mechanism backing NiSource's System Modernization Plan. This was an important step for the company, providing it the opportunity to secure a favorable tracker, specifically meant to grant recovery on system modernization investments. This mechanism is of particular relevance to NiSource because the company owns and operates some of the oldest pipes in the country, some of which are located in densely populated areas, where safety is all the more critical. Under the plan, NiSource will spend approximately $300 million a year over the next five years to replace and refurbish its pipelines and compressor stations.

The company will be submitting its first filing with the FERC shortly which, if approved, should result in recovery starting on 2/1/14. Specifically, the cost recovery mechanism entails an annual true-up that is recovered or refunded three months after filing, and a set return on the investment. Although the level of FERC scrutiny applied to this filing will likely be greater given that this is the first time NiSource will be seeking recovery under this tracker, we expect the company will secure full recovery of its investments within the envisioned timeframe.

The System Modernization Plan entailed significant concessions, such as a $25 million refund in each of 2012 and 2013 in addition to base revenue reductions of $35 million beginning in 2012 and another $25 million in 2013. The magnitude of these givebacks will cause NiSource's consolidated cash flow metrics to moderately decline over the next few years, as pipeline cash flows stagnate while spending accelerates.

On the other hand, NiSource continues to pursue a host of growth projects to transport additional gas, leveraging its strategic footprint in the Marcellus and Utica shale production region. While a few existing projects exceed the hundred million mark, the vast majority are of smaller size, similar to the ones it has historically taken on. Most of the midstream projects currently being constructed are on time and on budget and are slated to go online by 2015. In addition to growing its gas transportation system, the company is also diversifying into gathering and processing in the region. These unregulated activities entail more business risk than its core operations, but we expect that any material financial impact from such projects is at least a few years off.

LDCS: 2013 RATE CASES YIELD RATE INCREASES AND FURTHER IMPROVEMENTS IN RATE DESIGN

NiSource's LDCs have become steadier and more profitable over the past several years from rate increases and improved rate designs. Since 2007, a round of rate cases across all jurisdictions has brought rate relief that increased this segment's operating income by 20%, and raised LDCs' consolidated fixed rate recovery to 80%.

In 2013, NiSource's LDCs completed two general rate cases, Pennsylvania (20% of total LDC rate base) and Maryland (1% of total LDC rate base), and filed two more cases in Massachusetts (11% of total LDC rate base) and Kentucky (4% of total LDC rate base). The Pennsylvania order granted the company a $55.3 million base rate increase (70% of its requested amount) and allowed it to adopt a pilot weather normalization adjustment mechanism whereby residential charges are adjusted in the event winter temperatures deviate from historic norms by plus or minus five percent. Importantly, this rate case was the first to be completed under Pennsylvania's Act 11 which allows for more timely recovery of rates and investments through the application of a forward test year. NiSource's new Pennsylvania base rates went into effect in July 2013. The Maryland order granted the company a revenue increase of $3.6 million (70% of its requested amount) as well as a revenue normalization adjustment to decouple revenues from customer usage. Decisions on the two pending rate cases are expected during the first quarter of 2014.

Overall, the different state regulators overseeing NiSource's seven LDCs are generally supportive. Each LDC benefits from a decoupling mechanism and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has secured a variety of recovery mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program providing for the timely recovery of NiSource's annual $500 million system integrity investment spend.

CREDIT PROFILE OF SIGNIFICANT SUBSIDIARIES

NIPSCO: With Environmental Spending on Track, Focus Turns to Longer Term Capex opportunities

With an electric generation fleet made up of 78% coal, NIPSCO is subject to costly environmental mandates. To meet these directives by the intended deadline, the company is on track to spend about $800 million installing environmental controls at its two coal facilities, Schahfer and Michigan City. Indiana regulation has a long record of providing numerous environmental trackers and other supportive ratemaking mechanisms that have helped the state's coal fleet meet current environmental standards, and we expect NIPSCO will be able to recover these costs in a timely manner. Longer term, as the environmental spend abates, the company will begin acting upon its recently filed 7-year electric and gas plans, representing a total investment amount of $1.8 billion for 2014 to 2020. These investments relate to the recently passed Senate Bill 560 (SB 560), which allows utilities to recover 80% of their investments in transmission and distribution projects for safety, reliability, system modernization, or economic recovery through trackers, with the balance being deferred for recovery in the next general rate case. Finally, in addition to investments under SB 560, NIPSCO continues to develop two electric transmission projects that will earn FERC returns-on-equity of about 12%, about 200 basis points higher than the national average for state regulated operations, and should come online by the end of the decade. For more details see NIPSCO's credit opinion.

BAY STATE: FILES NEW RATE CASE SEEKING TO REDUCE REGULATORY LAG

Bay State filed its latest rate case with the Massachusetts Department of Public Utilities (DPU) in April 2013, requesting a base rate increase of $30.1 million to address the company's earnings deficiency and recover capital costs incurred through 12/31/12. In addition, Bay State's filing includes a proposal to continue its targeted infrastructure recovery factor (TIRF) rider with modifications. The TIRF is designed to provide for recovery of incremental expenditures associated with the replacement of bare and unprotected coated steel, cast-iron, and wrought-iron mains. Specifically, the proposed modifications include increasing the annual cap on amounts collected under the mechanism from 1% to 3.75% of the prior year's distribution revenues; establishing a process by which the company could request a waiver from the DPU of the minimum threshold of 38 miles of main replacement per year; and establishing a process by which post-in-service carrying charges occurring between the in-service date of a TIRF project and the date on which TIRF recovery commences for those projects could be deferred for inclusion in rate base in the next rate case. Bay State expects a DPU decision during the first quarter of 2014.

The company completed its last rate case in November 2012. The DPU granted Bay State a fraction of its requested distribution rate increase, based on a below industry average return on equity of 9.45%. Despite these disappointing outcomes, the DPU's did agree to allow the company to expand the TIRF's definition to include small cast and wrought iron pipes into the program and maintained the decoupling mechanism adopted in 2009, protecting the company's margins from any decline in volumes.

On a consolidated basis, Bay State remains a small component of NiSource, Inc. representing only about 6% of consolidated total assets and, with only $40 million of rated external debt, less than 1% of the overall company's long-term debt.

CREDIT METRICS SOFTEN OVER NEAR TERM HORIZON BUT REMAIN INVESTMENT GRADE

NiSource's credit metrics have been steadily rebounding from the lows seen in 2008-09. The combination of the 50% growth in the company's cash flow from operations pre-working capital (CFO pre-WC) between 2008 and today, and debt levels remaining relatively flat has allowed NiSource to improve its CFO pre-WC to debt ratio from 10.6% in 2008 to 15.8% for the LTM 9/30/13. The company has also successfully de-levered somewhat with its debt to capitalization falling from 55.7% in 2008 to 51.8% as of 9/30/13. On a pro-forma basis, we expect the metrics to weaken as the company seeks to finance its significant capital expenditure plan. Cash flow coverage metrics will likely fall into the low teens while retained cash flow to debt hovers around the 9-10% range. NiSource's debt to capitalization ratio will also likely inch up, though the company has publicly stated its plans to issue additional equity in the second half of 2015 which should help to shore up that metric.

Notching Considerations

NiSource's operating subsidiaries, Bay State and NIPSCO, are rated one notch above NiSource to reflect their lower default probability and the structural seniority of their respective debt to substantially all the parent guaranteed debt at NiSource Finance Corporation. Bay State's debt is also guaranteed by NiSource, and the utility's debt's higher than expected recovery rates support a rating a notch higher than that of the non-operating holding company that guarantees it.

As shown in the methodology grid below, the grid indicates a rating of Baa2, which does not reflect the structural subordination that causes the actual parent rating to be Baa3. Ratings within the NiSource family are notched closely, because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corporation.

Liquidity Profile

NiSource's liquidity is considered adequate. Given the company's sizeable capital investment program, NiSource has taken multiple steps to improve its access to liquidity to meet its future needs. NiSource amended its revolving credit facility in September 2013, increasing its committed capacity by $500 million to $2.0 billion, and extended the maturity date to September 2018. The company raised its Prime-3 rated commercial paper program to $1.5 billion, up from $500 million in February 2013 and amended its committed bank facility to provide for same day funding to cover the entire $1.5 billion program. Thirdly, NiSource increased its term loan by $75 million to $325 million and extended its maturity by one year to April 2016. And finally, the company renewed its three accounts receivable securitization programs totaling $515 million for another year.

Terms of the revolving credit facility provide for reliable access to funds by not requiring the company to represent and warrant as to any material adverse change (MAC) at each borrowing. The sole financial covenant is a debt-to-capitalization ratio of 70% which the company comfortably satisfied as of 9/30/13, with a debt-to-capitalization ratio of 59.7%.

As of 9/30/13, NiSource had $14.9 million of cash on hand in addition to $1.4 billion of available capacity under its revolver after giving effect to $612.5 million of commercial paper and $21.3 million in letters-of-credit outstanding. NiSource has $500 million of notes due in July 2014 and another $230 million of notes due in November 2015.

For the 12 months ended 9/30/13, NiSource generated approximately $1.4 billion in cash from operations, made approximately $1.8 billion in capital investments, and paid about $300 million in dividends, yielding negative free cash flow of about $700 million. The company funded the cash shortfall through proceeds from discontinued operations, about $40 million from its dividend reinvestment plan program and incremental debt of $600 million.

Rating Outlook

NiSource's rating is under review for a possible upgrade. The RUR-Up reflects our generally more favorable view of the relative credit supportiveness of the US regulatory environment as detailed in Moody's September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation". The outlook also considers the company's current financial plan, which should sustain investment grade metrics, including CFO pre-WC to debt in the low to mid teens.

What Could Change the Rating - Up

NiSource's ratings could be upgraded following the completion of the review for upgrade based on the aforementioned change in Moody's view of the US regulatory environment. Separately, an upgrade could be warranted if NiSource continues to pursue a fully regulated utility business model, with little financial complexity, and if the consolidated ratio of CFO pre-WC to debt were to approach the high-teen's range on a sustainable basis.

What Could Change the Rating - Down

NiSource could be downgraded to the non-investment grade rating category if its ratio of CFO pre-WC to debt fell below 10% for a sustained period of time. This ratio would be looked at on a consolidated basis, and would include any potential MLP structure. Depending on the size of the MLP, and considering any financial or operational volatility that the structure might impart on the company, and the potential effects of any structural subordination, the financial metric thresholds to maintain an investment grade rating might be raised to the low-teen's range. Aside from the risks associated with the potential MLP formation, ratings could be downgraded if the company were to experience deteriorations in its relationship with its principal regulators.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry [1][2]	**LTM 9/30/2013**		**Moody's 12-18 month Forward View* As of November 2013**	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Ba		Ba
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (7.5%)	4.1x	Baa	3.5 - 3.9x	Baa
c) CFO pre-WC / Debt (7.5%)	15.4%	Baa	12 - 14%	Baa
d) CFO pre-WC - Dividends / Debt (7.5%)	12.3%	Baa	9 - 11%	Baa
e) Debt/Capitalization (7.5%)	52.0%	Baa	50 - 55%	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa3		Baa3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 9/30/2013(LTM); Source: Moody's Financial Metrics

Moody's
INVESTORS SERVICE

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE

VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

 All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades NiSource and Northern Indiana Public Service and confirms Bay State Gas; outlooks stable

Global Credit Research - 31 Jan 2014

Approximately $9 Billion of Debt Securities Affected

New York, January 31, 2014 -- Moody's Investors Service upgraded the ratings for NiSource Inc. (senior unsecured rating for its guaranteed financing vehicle to Baa2 from Baa3) and Northern Indiana Public Service Company (senior unsecured and Issuer Rating to Baa1 from Baa2), and confirmed the rating for Bay State Gas Company (Baa2 senior unsecured, guaranteed by NiSource Inc.). NiSource Inc.'s commercial paper is also upgraded by one notch (from P-3 to P-2). This rating action concludes our review of these companies' ratings initiated on November 8, 2013. The rating outlooks are stable.

"The upgrade of NiSource and Northern Indiana Public Service Company reflects regulatory provisions in each companies' respective service territory that are consistent with our view of a generally improving regulatory environment for US electric and gas utilities", said Lesley Ritter, Analyst. "While our decision to affirm Bay State's rating relates to the utility's debt being secured by its parent."

RATINGS RATIONALE

The primary driver of today's rating action for Northern Indiana Public Service Company (NIPSCO) and NiSource, Inc. (NiSource) is Moody's more favorable view of the relative credit supportiveness of the US regulatory framework, as detailed in our September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation." Factors supporting this view include better cost recovery provisions, reduced regulatory lag, and generally fair and open relationships between utilities and regulators. The US utility sector's low number of defaults, high recovery rates, and generally strong financial metrics from a global perspective provide additional corroboration of these upgrades.

While the decision to confirm Bay State Gas' (Bay State) rating relates to the company's debt being secured by its Baa2 rated parent.

Rating Outlook

NiSource, NIPSCO, and Bay State's stable rating outlooks reflect the credit supportiveness of the regulatory environment, and the assumption that investment needs will be prudently funded.

Furthermore, NiSource's stable rating outlook considers the company's current financial plan, which should sustain investment grade metrics.

What Could Change the Rating - Up

NiSource and NIPSCO's rating could be raised if there were an improvement in the regulatory environment that led to meaningfully greater predictability, timeliness and/or sufficiency of rates such that financial metrics would be expected to improve on a sustained basis relative to our current view.

NiSource's rating could also be upgraded if the company continues to pursue a fully regulated utility business model, with little financial complexity, and if the consolidated ratio of CFO pre-WC to debt were to approach the high-teen's range on a sustainable basis.

A rating upgrade at Bay State is tied to its parent company rating.

What Could Change the Rating - Down

NiSource and NIPSCO's rating could be lowered if there were a deterioration in the regulatory environment, which might include greater regulatory lag, uncertainty about the recovery of investments, further compression in rates (especially if accompanied by a rise in interest rates), or if there were a downward revision in our expectation of future financial metrics relative to our current view. NISPCO's rating could also come under pressure if its parent were to adopt an aggressive corporate finance strategy where it would place additional reliance on dividends from its regulated subsidiary to service the parent debt.

Furthermore, NiSource's rating could be downgraded if its ratio of CFO pre-WC to debt fell below 10% for a sustained period of time. This ratio would be looked at on a consolidated basis, and would include any potential MLP structure. Depending on the size of the MLP, and considering any financial and operational volatility that the structure might impart on the company, and the potential effects of any structural subordination, the financial metric threshold to maintain an investment grade rating might be raised to the low-teen's range.

Bay State's rating could be reduced if its parent rating is downgraded.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Debt Classes

NiSource Inc.

Outlook Stable

Pref. Shelf to (P)Ba1 from (P)Ba2

NiSource Finance Corporation

Outlook Stable

Issuer Rating to Baa2 from Baa3

Bkd Sr Unsec Bank Credit Facility to Baa2 from Baa3

Senior Unsecured to Baa2 from Baa3

Bkd Commercial Paper to P-2 from P-3

NiSource Capital Markets, Inc.

Outlook Stable

Bkd Senior Unsecured to Baa2 from Baa3

Senior Unsecured MTN to Baa2 from Baa3

Northern Indiana Public Service Company

Outlook Stable

Issuer Rating to Baa1 from Baa2

Senior Unsecured to Baa1 from Baa2

Senior Secured to A1 from A2

Bay State Gas Company

Outlook Stable

The following ratings have been confirmed

Senior Unsecured Baa2

Senior Unsecured MTN Program (P)Baa2

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Lesley Ritter
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE

to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

Fitch Affirms NiSource's IDR at 'BBB-' with Stable Outlook Following Spin-off Announcement Ratings Endorsement Policy
29 Sep 2014 2:44 PM (EDT)

Fitch Ratings-New York-29 September 2014: Fitch Ratings has affirmed the long-term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and its subsidiaries following its announcement to separate the natural gas pipeline business Columbia Pipeline Group (CPG) into a standalone company. After the separation, NI will become a fully regulated natural gas and electric utility holding company.

The affirmations include NiSource Finance Corp. (NIF or NI Finance) and NiSource Capital Markets Inc. (NICM), NI's two financing subsidiaries, and Northern Indiana Public Service Co. (NIPSCO), an electric and gas utility. Fitch has also affirmed the senior unsecured rating of NIPSCO at 'BBB' and assigned an 'F3' short-term IDR to NI.

The Rating Outlook for all entities is Stable. Approximately $8.2 billion of long-term debt is affected. A complete list of rating actions is provided at the end of this release.

Additionally, based on preliminary information from NI management, Fitch expects CPG to be rated low investment grade.

KEY RATING DRIVERS:

Lower Business Risk with Evolving Capital Structure:

Fitch views favorably that the expected fully regulated operations are lower risk than its present mix of businesses, supported by stable cash flow and earnings from a geographically diverse mix of regulated gas and electric utilities.

However, Fitch believes positive rating actions are premature at this time as NI's capital structure is expected to continue to evolve. A potential positive rating movement is highly dependent upon the final capital structure after the spinoff, the willingness to issue adequate equity to support its capital spending commitments, and the successful execution of the pre-spin strategies, including the public offering of the master limited partnership initially consisting of a 14.6% interest in CPG.

Supportive Regulatory Environment:

The ratings and Outlook reflect the supportive regulatory framework that NI's utilities enjoy in their respective jurisdictions, in light of the aggressive gas and electric system safety and modernization programs and NIPSCO's environmental capex.

The gas utility operations have reduced cyclicality and earned stable cash flow through de-coupling mechanisms and trackers. Most recently, Massachusetts HB 4164 was passed in June 2014 and supports gas infrastructure safety and modernization investment and allows for recovery between rate cases and reduces regulatory lag. Columbia Gas of Massachusetts (CMA) plans to file an infrastructure plan by year end 2014 with an anticipated effective date in early 2015.

Indiana SB 560 provides cost recovery outside of base rate proceedings for transmission, distribution and storage projects undertaken for the purpose of safety, reliability, system modernization, or economic development.

NIPSCO's gas and electric operations are operating under seven-year plans that expire in November 2020 totaling $1.8 billion ($1.1 billion electric investments and $710 million gas investments) for replacement and maintenance of utility equipment, with approximately 75% recovery through trackers and the remaining deferred for recovery under a general rate case. NIPSCO's approved environmental spending plan includes over $600 million for generating plant investment which is 100% recoverable through a tracker. Fitch has assumed that the utilities are able to continue to earn returns based upon the currently approved capital structure, not the imputed one based on the capital structure of the parent company.

Credit Metrics:

NI's leverage is high among its peer groups primarily as a result of the legacy debt associated with the acquisition of Columbia Energy Group in November 2000. Based on the preliminary assessment of management's business plan, Fitch projects NI's debt to Operating EBITDAR from 2016 to 2017 to average approximate 4.9 times (x) and FFO fixed charge cover to average 3.3x. These metrics could potentially improve to 4.4x and 3.5x respectively, by 2020. Fitch's projection considers the expiration of the bonus depreciation benefits and a reasonable amount of equity issuance to support the sizable capital spending which is approximately $1.2 billion annually. Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered. These metrics are somewhat weak in 2016 and 2017 and will become stronger beginning 2018 for its rating category relative to its peers with a similar risk profile.

Strong Parent Sub Linkages:

NI and NIPSCO's ratings historically were and will continue to be closely linked due to the fact that NI finances majority of its operations through NIF with guarantee from NI. As of June 30, 2014, NIPSCO had $95.5 million of medium term notes and $226 million of pollution control bonds outstanding issued through Jasper Co. Indiana. Columbia Gas of Massachusetts (aka Bay State Gas) had $40 million of notes outstanding (not rated by Fitch). All NI subsidiaries currently share a revolver at NIF. The remaining entities after the separation are expected to continue to share a credit facility at NIF.

RATING SENSITIVITIES:

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;
--Well capitalized balance sheet after the separation which contributes to improving credit metrics with expected sustained consolidated debt to Operating EBITDAR below 4.75x.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

--Materially unfavorable regulatory decisions;
--Not issuing adequate equity to support the significant capital program resulting in sustained consolidated debt to Operating EBITDAR above 5.50x.

Fitch has affirmed the following ratings with a Stable Outlook:

NiSource Inc.
--IDR at 'BBB-'.

NiSource Finance Corp.
--Senior unsecured at 'BBB-';
--Commercial paper at 'F3.

NiSource Capital Markets
--Senior unsecured at 'BBB-'.

Northern Indiana Public Service Co.
--IDR at 'BBB-';
--Senior unsecured and revenue bonds at 'BBB'.

Fitch has assigned the following rating with a Stable Outlook:

NiSource Inc.
--Short-term IDR at 'F3'.

Fitch has withdrawn the following IDRs, as these entities and their IDRs are no long considered analytically meaningful for the credit quality of the debt that have been issued out of them:

NiSource Finance Corp.
--IDR at 'BBB-';
--Short-term IDR at 'F3'.

NiSource Capital Markets
--IDR at 'BBB-'.

All debt issued by NiSource Finance Corp. and NiSource Capital Markets was fully guaranteed by NI, and the ratings of those issuances remain outstanding.

Contact:

Primary Analyst
Julie Jiang
Director
+1-212-908-0708
Fitch Ratings, Inc.
33 Whitehall St.
New York, NY 10004

Secondary Analyst
Ralph Pellecchia
Senior Director
+1-212-908-0586

Committee Chairperson
Mark Sadeghian
Senior Director
+1-312-368-2090

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 5, 2013);
--'Recovery Ratings and Notching Criteria for Utilities' (Nov. 13, 2013);
--'Parent and Subsidiary Rating Linkage' (Aug. 8, 2013);
--'Rating U.S. Utilities, Power and Gas Companies' (March 9, 2014).

Applicable Criteria and Related Research:
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage
Recovery Ratings and Notching Criteria for Utilities
Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors)

Additional Disclosure
Solicitation Status

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

NiSource Inc.

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Secondary Contact:
Michael T Ferguson, CFA, CPA, New York (1) 212-438-7670;
michael.ferguson@standardandpoors.com

Table Of Contents

NiSource Inc.

Corporate Credit Rating	BBB-/Stable/A-3
Profile Assessments	
BUSINESS RISK	STRONG (Vulnerable – Excellent)
FINANCIAL RISK	SIGNIFICANT (Highly leveraged – Minimal)

Initial Analytical Outcome ("Anchor") and Rating Result

Our 'BBB-' corporate credit rating on NiSource Inc. is derived from:

- NiSource's 'bbb' anchor based on our assessment that the company's business risk profile is "strong" and its financial risk profile is "significant".
- NiSource's stand-alone credit profile (SACP) of 'bbb-', which is one notch lower than the anchor based on our unfavorable comparable rating analysis, reflecting NiSource's weak financial ratios within the "significant" financial risk profile.
- Our 'BBB-' rating on NiSource is the same as the company's SACP. Group rating methodology applies to NiSource and as the parent company has a final rating that reflects the 'bbb-' SACP.

Rationale

Business Risk: Strong	Financial Risk: Significant
• Corporate strategy based on regulated utilities and energy midstream operations • Regulated utilities with mostly low operating risks • Lack of competition in regulated service territories • Diverse service area in seven states with numerous regulatory jurisdictions and a large residential customer base • Gas distribution operations with geographic diversity and integration with the company's gas transmission network, providing operational flexibility • Electric utility subsidiary Northern Indiana Public Service Co.'s higher-than-average dependence on industrial customers and flat growth at the utility	• Expected high debt leverage (debt to EBITDA) more than 5x • Cash flow to debt measures toward lower end of "significant" financial risk profile • High capital spending • Continuing high dividends • Negative discretionary cash flow

Outlook: Stable

The stable outlook reflects our expectation of steady operating and financial performance at the regulated subsidiaries and annual capital spending of about $1.9 billion. Our base forecast includes funds from operations (FFO) to debt of about 13% and operating cash flow (OCF) to debt of about 12%, consistent with our expectations for the rating.

Downside scenario

We could lower ratings if the company's nonutility operations would materially increase from current levels or financial measures weaken and remain at less-supportive levels, including FFO to debt less than 13%.

Upside scenario

We do not currently contemplate an upgrade given the company's current business mix and its focus on expanding its midstream operations. Credit quality could improve if cash flow measures considerably improve, specifically FFO to debt of more than 17% on a sustained basis. In addition, we would expect the supplemental ratio of OCF to debt to exceed 15%. The company can accomplish this by paying down debt with higher internally generated cash flow, increased equity issuances, or proceeds from asset sales.

Standard & Poor's Base-Case Scenario

Assumptions

- Single digit annual revenue growth over the next few years
- Gross margin growth from rising fee-based midstream operations that do not incur cost of sales
- We expect capital spending of $2 billion in 2014 and roughly the same amount for 2015 and 2016
- Dividend increase based on historical percentage increase
- Common stock issuance annually through the dividend reinvestment plan and as publicly indicated by management, a 2015 offering similar in size to the most recent forward sale settled in 2012 (~$400 million)

Key Metrics

	2014E	2015E	2016E
Revenue growth (%)	3-6	3-6	3-6
FFO/debt (%)	13-14.5	13-14.5	12.7-13.8
OCF/debt (%)	11.2-12.5	11.5-13	10.5-12

Standard & Poor's adjusted figures. E--Estimate. FFO--funds from operations. OCF--Operating cash flow.

Company Description

NiSource Inc. is an energy holding company that is one of the largest natural gas distribution companies in the U.S., with nine gas distribution subsidiaries serving roughly 3.3 million customers in seven states extending from Indiana to

Massachusetts. NiSource owns and operates 15,000 miles of interstate pipelines, and its natural gas storage operations can hold up to 640 billion cubic feet (bcf) of natural gas. Utility subsidiary Northern Indiana Public Service Co. (NIPSCO) provides electricity and natural gas to about 450,000 and 700,000 customers, respectively, in northern Indiana. NiSource Finance Corp. is the financing entity for NiSource Inc., which is the guarantor of all the debt.

Business Risk: Strong

We based our assessment of NiSource's business risk profile on the company's "satisfactory" competitive profile, "very low" industry risk mostly derived from the regulated utility industry, and the "very low" country risk of the U.S. where the company operates.

NiSource's competitive position partly reflects the stable regulatory framework of the low-risk regulated utility operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provides operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. NIPSCO is a vertically integrated electric and natural gas utility providing service mostly in Northern Indiana. It has flat customer growth and above-average industrial exposure, largely to the steel-related industry. The utility has been installing environmental compliance equipment and using an environmental rate surcharge for timely recovery of costs. Base rates and various rate surcharges support cost recovery. Rates are above the state average, but not the highest in Indiana.

NiSource's competitive position also reflects the gas midstream businesses, including a gas transmission network that has a huge underground storage system (working gas of about 280 billion cubic feet) and access to multiple supply basins. The company derives slightly more than 90% of revenues from firm take-or-pay contracts, and a moderate contract life exists mainly at maximum rates. These contracts provide more cash flow certainty because gas shippers pay whether or not they have gas to be transported.

S&P Base-Case Operating Scenario

- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Base EBITDA is forecast to grow from customer growth, volume-related growth, and expansion projects that are expected to come into service over the forecasted period.
- Utility subsidiaries operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.
- NIPSCO continues spending on new transmission projects and pollution-control equipment while seeking higher operating cash flow through base rates and various rate surcharges. After starting rate recovery of these investments, we forecast that revenue and EBITDA will grow beyond base levels.
- For the gas-gathering business, the largest source of new growth projects will likely be in the Marcellus Shale gas-gathering region, with spending backed by long-term off-take contracts, boosting EBITDA growth.

Peer comparison

Table 1

NiSource Inc. -- Peer Comparison

Industry Sector: Combo

	NiSource Inc.	Sempra Energy	Dominion Resources Inc.	Great Plains Energy Inc.
Ratings as of March 5, 2014	BBB-/Stable/A-3	BBB+/Stable/A-2	A-/Stable/A-2	BBB/Positive/A-2
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	5,834.10	9,562.00	14,223.00	2,294.50
EBITDA	1,661.00	3,587.50	5,195.80	922.30
Funds from operations (FFO)	1,209.80	2,755.50	3,788.00	676.60
Operating income	1,004.40	1,761.60	3,681.60	573.60
Interest expense	462.9	744.6	1,077.80	249.80
Net income from continuing operations	336.3	985	1,565.00	195.30
Working capital	(196.8)	(265.7)	(76.3)	(1.4)
Cash flow from operations	1,171.00	2,259.50	3,116.30	629.30
Capital spending	1,138.30	2,544.00	3,634.30	567.50
Free operating cash flow	32.7	(284.5)	(518.0)	61.80
Dividends paid	262.2	475.7	1,201.90	136.60
Discretionary cash flow	(229.5)	(760.2)	(1719.9)	(74.8)
Cash and short-term investments	4.8	136.6	34.3	2.8
Debt	6,454.60	13,297.80	20,442.70	4,267.40
Preferred stock	0	62.8	976.7	211.2
Equity	5,182.90	10,070.20	12,408.40	3,273.80
Adjusted ratios				
Compound annual revenue growth (%)	(8.7)	6.0	(4.7)	5.5
EBITDA margin (%)	28.5	37.5	36.5	40.2
Return on capital (%)	6.5	7.7	10.4	7.2

Table 1

NiSource Inc. -- Peer Comparison (cont.)				
EBITDA interest coverage (x)	3.6	4.8	4.8	3.7
EBITDA cash interest coverage (x)	4.3	7	5.2	3.5
FFO cash interest coverage (x)	4.3	6.8	4.9	3.6
Debt/EBITDA (x)	5.1	3.7	3.9	4.6
FFO/debt (%)	14.3	20.7	18.5	15.9
Cash flow from operations/debt (%)	13.9	17	15.2	14.7
Free operating cash flow/debt (%)	0.4	(2.10)	(2.50)	1.4
Discretionary cash flow/debt (%)	(2.7)	(5.7)	(8.4)	(1.8)
Total debt/debt plus equity (%)	62	56.9	62.2	56.6

Financial Risk: Significant

Based on the Medial Volatility financial ratio benchmarks, our assessment of NiSource's financial risk profile is "significant". This takes into consideration the sustained cash flows from the regulated utility operations and mostly fee-based midstream businesses. Also, we based the designation on the company's aggressive capital spending program and a dividend payout that exceeds 50%. We expect NiSource to continue having negative free operating cash flow over the next three years. Although we expect equity to grow, we also expect the company to continue using debt financing.

For 12 months ended Sept. 30, 2013, FFO to debt was 15.5% and operating cash flow to debt was 14.7%. Our baseline forecast includes weakening financial measures such as FFO to debt ranging between 12.5% and 14% over the next three years and operating cash flow to debt ranging from 11% to 13% over the same period. The weakening financial measures include the effects of rising expenses including interest and taxes.

S&P Base-Case Cash Flow And Capital Structure Scenario

- NiSource's cash flow ratios will remain consistent with the "significant" financial risk profile in 2014 and 2015, and mixed for 2016. This includes an FFO to debt ratio ranging from roughly 12.5% to 14% and operating cash flow to debt ranging from 11% to 13%.
- Cash flow after capital spending and dividends, discretionary cash flow, will be negative over the next three years, resulting external funding needs.
- Debt leverage as indicated by debt to EBITDA expected to remain above 5x each year over the next three years.

Financial summary

Table 2

NiSource Inc. -- Financial Summary					
Industry Sector: Combo					
	September 2013 RTM	**2012**	**2011**	**2010**	**2009**
Rating history	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/NR	BBB-/Stable/NR

Table 2

NiSource Inc. -- Financial Summary (cont.)					
(Mil. $)					
Revenues	5,463.70	5,061.20	6,019.10	6,422.00	6,649.40
EBITDA	1,800.10	1,743.30	1,572.20	1,667.40	1,595.30
Funds from operations (FFO)	1,469.30	1,371.10	1,036.20	1,222.20	1,287.80
Operating income	1,113.80	1,068.90	945.5	998.8	966.5
Interest expense	475.2	482.3	431.4	475.1	517.4
Net income from continuing operations	463.6	410.6	303.8	294.6	231.2
Cash flow from operations	1,394.50	1,261.90	1,184.80	1,066.40	2,144.60
Capital spending	1,761.70	1,491.70	1,122.10	801.1	775.3
Free operating cash flow	(367.2)	(229.8)	62.7	265.3	1,369.30
Dividends paid	302	273.2	257.8	255.6	253.3
Discretionary cash flow	(669.2)	(503.0)	(195.1)	9.7	1,116.00
Cash and short-term investments	3.7	9.1	2.9	2.3	4.1
Debt	9,482.90	8,844.70	8,463.40	8,055.80	8,048.00
Preferred stock	0	0	0	0	0
Equity	5,700.90	5,554.30	5,011.50	4,982.80	5,046.10
Debt and equity	15,183.80	14,399.00	13,475.00	13,038.60	13,094.10
Adjusted ratios					
EBITDA margin (%)	32.3	34.4	26.1	26	24
EBITDA interest coverage (x)	2.9	3.6	3.6	3.5	3.1
EBITDA cash interest coverage (x)	2.2	4.4	4.2	4.2	4.2
FFO cash interest coverage (x)	2.3	4.7	3.9	4.3	4.7
Debt/EBITDA (x)	6.8	5.1	5.4	4.8	5
FFO/debt (%)	15.5	15.5	12.2	15.2	16
Cash flow from operations/debt (%)	14.7	14.3	14	13.2	26.6
Free operating cash flow/debt (%)	(3.9)	(2.6)	0.7	3.3	17
Discretionary cash flow/debt (%)	(7.1)	(5.7)	(2.3)	0.1	13.9
Net cash flow/capital spending (%)	66.3	73.6	69.4	120.7	133.4
Debt/debt and equity (%)	62.5	61.4	62.8	61.8	61.5
Return on capital (%)	6.6	6.6	6.1	6.7	6.5
Return on common equity (%)	8.3	7.6	6.1	6	4.7
Common dividend payout ratio (unadjusted) (%)	65.2	66.6	85	86.8	109.6

RTM--Rolling 12 months.

Liquidity: Adequate

NiSource has "adequate" liquidity, as our criteria define the term. The company's sources of liquidity are likely to cover its uses by more than 1.1x in the next 12 months. We expect NiSource to meet cash outflows even with a 10% decline in EBITDA.

There are sizeable debt maturities in 2014 and 2016; however, we expect the company to refinance these given its satisfactory standing in the credit markets.

Principal Liquidity Sources	Principal Liquidity Uses
• Forecasted FFO of about $1.3 billion in 2014 • Availability under credit facility of about $1.3 billion in 2014	• Maintenance capital spending of about $1.1 billion in 2014 • About $320 million in dividends in 2014 • Debt maturities of $540 million in 2014

Debt maturities

- 2014: $542.1 mil.
- 2015: $265.5 mil.
- 2016: $755.0 mil.
- 2017: $597.8 mil.
- 2018: $808.7 mil.

Covenant Analysis

NiSource's credit facility and a three-year term loan have a covenant of maximum debt to total capital of 70%. As of year-end 2013, the ratio was 60%.

We believe headroom could erode somewhat if debt rises rapidly, without adequate growth in equity while making capital investments.

Compliance Expectations	Schedule Of Step-Downs/Step-Ups
• The company was in compliance as of Dec. 31, 2013 • Single-digit EBITDA growth and elevated capital spending should still permit a cushion • Covenant headroom could decrease without adequate cost recovery of capital investments	• Current: 70% • As of year-end 2014: 70% • As of year-end 2015: 70%

Other Modifiers

NiSource's ratings include a one-notch negative adjustment for comparable rating analysis that reflects NiSource's weak financial ratios within the "significant" financial risk profile.

Group Influence

Standard & Poor's bases its ratings on NiSource on the consolidated group credit profile and application of our group ratings methodology. NiSource, as the parent company, has a GCP that matches its SACP. NIPSCO and Bay State Gas Co. are "core" subsidiaries to the NiSource group and therefore the subsidiaries' issuer credit ratings are equal to the NiSource GCP.

Ratings Score Snapshot

Corporate Credit Rating: BBB-/Stable/A-3

Business risk: Strong

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Satisfactory

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: 'bbb'

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: 'bbb-'

- Group credit profile: 'bbb-'
- Entity status within group: Parent

Related Criteria And Research

Related Criteria

- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Nov. 19, 2013

- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Criteria - Corporates - Utilities: Notching Of U.S. Investment-Grade Investor-Owned Utility Unsecured Debt Now Better Reflects Anticipated Absolute Recovery, Nov. 10, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Commercial Paper, April 15, 2008

Ratings Detail (As Of March 14, 2014)	
NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/A-3
Commercial Paper	
Local Currency	A-3
Senior Unsecured	BBB-
Corporate Credit Ratings History	
28-Jul-2011	BBB-/Stable/A-3
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/A-3
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	A/Stable
Senior Unsecured	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms NiSource Baa2 rating after corporate separation announcement; outlook remains stable

Global Credit Research - 29 Sep 2014

New York, September 29, 2014 -- Moody's Investors Service affirmed the Baa2 senior unsecured rating of NiSource Inc. after the announcement of a planned corporate separation. The rating outlook is stable.

RATINGS RATIONALE

The rating action is triggered by the recent announcement that NiSource is planning on a corporate separation. NiSource intends to split into two publicly traded companies: NiSource Inc.: a holding company with a portfolio of fully regulated electric and natural gas distribution utility subsidiaries; and Columbia Pipeline Group (CPG): a pure play natural gas pipeline, midstream and storage company.

The Baa2 rating also reflects another NiSource announcement, which is aimed at further restructuring CPG. The company is moving forward with the formation of a master limited partnership (MLP), prior to the corporate separation, to help fund CPG's extensive capital investment plans. Post corporate separation, the MLP will remain with CPG.

"The Baa2 rating affirmation of NiSource primarily reflects the credit profile of the electric and gas distribution utility businesses" said Lesley Ritter, Analyst. "The utility's $7.8 billion rate base benefits from supportive regulatory jurisdictions and this supportiveness helps mitigate NiSource's weaken pro-forma financial profile."

NiSource's legacy regulated low risk utility assets, including six local distribution gas companies (equivalent to 55% of rate base) and one vertically integrated electric and gas distribution utility Northern Indiana Public Service Company (Baa1, stable), are viewed as material credit positives. The regulatory authorities overseeing the utilities are supportive to long-term credit quality, provide an attractive suite of timely recovery mechanisms for costs and investments (approximately 70% of capital expenditures are recovered through trackers), and equity returns are authorized at levels at or above the national average.

NiSource also benefits from good geographical diversity and size, with a footprint spanning seven states across the Northeast quadrant of the US. Approximately 65% of the company will be represented by low risk natural gas distribution business, with the remainder being a vertically integrated electric utility in Indiana.

The rating is constrained by NiSource's weak financial profile, primarily relating to its elevated debt levels.

"NiSouce's high debt level appears to be permanent, and will keep some pressure on consolidated financial metrics, including a ratio of cash flow to debt in the 11-12% range over the next few years." Ritter added.

NiSource's extensive capital investment projects will keep some pressure on the financial profile for the foreseeable future, given the lag in cash flow generation relative to the company's debt. Furthermore, we expect the company to apply a conservative approach to its capital investments funding, including equity issuances if necessary. Overall, Moody's views the company's sound operational track record, low business risk, and constructive and diversified regulatory relationships as providing sufficient support for it to offset a financial profile that is weaker than the company's rating on a sustained basis.

The stable rating outlook reflects our expectation that the financial profile will improve over the next three to five years, with a debt to capitalization ratio of approximately 50% and a ratio of cash flow to debt slowly rising closer to the low-teens range. The stable outlook reflects an anticipated smooth corporate separation, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed with a balanced mix of debt and equity. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, which together mitigate metrics that are weak for the rating category.

What Could Change the Rating -- Up

An upgrade could be considered if there was further improvement in the utility's regulatory environment or if cash flow to debt rise to the high teens and interest coverage exceeds 4.0x on a sustained basis.

What Could Change the Rating -- Down

The rating could be downgraded if there is a decline in credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates, or if debt coverage and interest coverage ratios fall below 12% and 3.0x, on a sustained basis.

The principal methodology used in these ratings was the Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Outlook Actions:

..Issuer: NiSource Finance Corporation

....Outlook, Remains Stable

Affirmations:

..Issuer: NiSource Finance Corporation

.... Issuer Rating, Affirmed Baa2

....Senior Unsecured Bank Credit Facility, Affirmed Baa2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

....Senior Unsecured Shelf, Affirmed (P)Baa2

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Lesley Ritter
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.

250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE

RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most

Issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

MOODY'S
INVESTORS SERVICE

Credit Opinion: NiSource Inc.

Global Credit Research - 14 Oct 2014

Merrillville, Indiana (State of), United States

Ratings

Category	Moody's Rating
Outlook	Stable
Pref. Shelf	(P)Ba1
NiSource Finance Corporation	
Outlook	Stable
Issuer Rating	Baa2
Bkd Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
NiSource Capital Markets, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
Northern Indiana Public Service Company	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Bay State Gas Company	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**NiSource Inc.**

	6/30/2014(L)	12/31/2013	12/31/2012	12/31/2011	12/31/2010
CFO pre-WC + Interest / Interest	4.1x	4.0x	4.2x	3.8x	3.9x
CFO pre-WC / Debt	14.6%	14.7%	16.2%	13.7%	15.7%
CFO pre-WC - Dividends / Debt	11.5%	11.4%	13.2%	10.7%	12.6%
Debt / Capitalization	51.0%	50.7%	51.5%	53.7%	53.6%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- NiSource set to become a fully regulated utility company post mid-2015 corporate separation

- Regulated utility assets are low risk, a material credit positive

- Persistent high debt balance and elevated investment spend weigh on financial profile

- MLP formation credit impact negligible given planned spin-off of pipeline segment

Corporate Profile

NiSource Inc. (Baa2 senior unsecured for its guaranteed financing vehicle) is a holding company with regulated local natural gas distribution company (LDC) subsidiaries in Ohio, Pennsylvania, Virginia, Massachusetts, Kentucky and Maryland, a combination vertically integrated electric and gas utility in Indiana, and an interstate natural gas pipeline and storage system that runs from the Gulf Coast to the Northeast. The company maintains operations in three segments: natural gas distribution (39% of 2013 operating income), electric generation, transmission and distribution (23% of 2013 operating income), and natural gas pipelines and storage (38% of 2013 operating income). While the company has one of the largest LDC, natural gas pipeline, and gas storage systems in the US, its vertically integrated electric utility is mid-sized. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 senior unsecured, stable).

On 28 September 2014, NiSource announced its plan to separate into two publicly traded companies by mid-2015. The companies will consist of NiSource Inc.: a holding company with a portfolio of fully regulated electric and natural gas utility subsidiaries, and Columbia Pipeline Group (CPG): a pure play natural gas pipeline, midstream and storage business. Contemporaneously, NiSource announced the formation of a Master Limited Partnership (MLP) to be used as a funding vehicle for CPG's extensive investment inventory. The MLP will remain with CPG post separation.

On 29 September 2014, we affirmed the Baa2 senior unsecured rating for NiSource's guaranteed financing vehicle. The outlook is stable.

SUMMARY RATING RATIONALE

NiSource's Baa2 rating reflects the credit supportiveness and diversity of its multiple regulatory jurisdictions, the low business risk nature of its operations (approximately 65% of utility operating earnings is represented by natural gas LDCs), as well as its broad geographical footprint and scale (approximately 4 million utility customers across seven states). Together, these help mitigate against the anticipated weakening of its financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. We anticipate a ratio of cash flow to debt in the low-teen's range over the next three to five years.

DETAILED RATING CONSIDERATIONS

NISOURCE TO BECOME A FULLY REGULATED UTILITY COMPANY POST 2015 CORPORATE SEPARATION

The spin-off of CPG into a separate, publicly listed company, simplifies NiSource's operations and transforms the company into a fully regulated utility. It also removes the uncertainty associated with its pipeline business including contract renewal risk and execution risk on its multibillion dollar capital expenditure program. Furthermore, given the creation of an MLP to finance CPG's capital investments, the separation allows NiSource to maintain a straightforward and transparent corporate financing structure.

REGULATED UTILITY ASSETS ARE LOW RISK, A MATERIAL CREDIT POSITIVE

Upon corporate separation, expected in mid-2015, NiSource's seven LDCs will represent about 65% of pro forma operating income, while its vertically integrated electric utility segment will make up the difference.

NiSource's LDCs have become steadier and more profitable over the past several years due to rate increases and improved rate design. Since 2007, a round of rate cases across all jurisdictions has brought rate relief that has increased this segment's operating income by 37%, and raised the LDCs' consolidated non-volumetric revenue recovery to above 80%. NiSource's electric segment is nearing completion of its major environmental project, and its generation fleet will be fully MATS compliant by 2015.

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program, that provide for timely recovery of its sizeable infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental and system modernization investments.

In 2014, NiSource completed a single general rate case and filed for new base rates in Pennsylvania and Virginia. Columbia Gas of Massachusetts' (CMA, 7% of consolidated utility rate base) rate case was decided following a fully litigated proceeding with a final order granting about 65% of CMA's requested increase based on a 9.55% return on equity and a 53.68% equity ratio.

Massachusetts continues to be NiSource's most challenging jurisdictions where rate cases are typically fully litigated rather than settled. Nevertheless, we view CMA's latest rate case order as generally credit positive since it granted the company a return on equity that is higher than the one allowed in its 2012 rate order, an equity strong capital structure, as well as the right to continue the company's targeted infrastructure recovery factor, which provides for recovery of its pipeline replacement program.

NiSource's two ongoing base rate proceedings together account for 20% of consolidated utility rate base and, if approved as filed, would represent a total of $86 million in additional annual revenues with partial new rates going into effect as of 1 October 2014.

Among its other 2014 regulatory proceedings, NiSource received regulatory approvals on its seven-year electric and gas investment plans filed in Indiana for a total investment amount of $1.8 billion. The legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution and storage projects, with 80% of eligible costs being recovered using the TDSIC rider and 20% of the costs being deferred. We expect TDSIC along with NiSource's other infrastructure riders to allow the company to stay out of general rate case proceedings for a number of years. This provides significant earnings visibility for NiSource's utilities and allows for predictable operating cash flow generation over the near to medium term, a credit positive.

PERSISTENT HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPEND WEIGH ON FINANCIAL PROFILE

NiSource's rating is constrained by its weak financial profile, primarily relating to its elevated debt levels which appear to be permanent. The extensive capital investment projects at its utilities, estimated at about $1.2 billion per year (or 2.7x 2013 depreciation) through 2020, will keep some pressure on the company's financial profile for the foreseeable future. We anticipate that its debt coverage metrics will decline from their current mid-teen levels over the next few years, falling to the 11-12% range before returning to 13-14% once new projects begin generating sufficient cash flows to offset the company's elevated debt balance. Furthermore, given NiSource's existing leverage position, we expect the company will apply a conservative approach to its capital investments funding, including equity issuances, as necessary.

MLP FORMATION CREDIT IMPACT NEGLIGIBLE GIVEN PLANNED CPG SPIN-OFF

With $12-15 billion in capital investments planned at CPG over the next 10 years, NiSource is creating a new MLP, Columbia Pipeline Partners (CPP, not rated), to fund the equity portion of its spend. The credit impact of the MLP formation on NiSource's rating is negligible given the expectation that CPP will be spun off by mid-2015 when NiSource's corporate separation is completed.

Notching Considerations

NiSource's operating subsidiary NIPSCO is rated one notch above NiSource to reflect its default probability and the structural seniority of its debt to substantially all the parent guaranteed debt at NiSource Finance Corp. Bay State's debt is guaranteed by NiSource and has the same rating as NiSource.

As shown in the methodology grid below, the grid indicates a rating of Baa1, which does not reflect the structural subordination that causes the actual parent rating to be Baa2. Ratings within the NiSource family are notched closely, because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corp.

Liquidity Profile

NiSource's liquidity is adequate. NiSource maintains a $2.0 billion revolving credit facility due September 2018. The revolver backs its $1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a debt-to-capitalization ratio of 70% which the company satisfied as of 30 June 2014, with a debt to cap ratio of 60.6%.

NiSource also maintains three separate accounts receivable securitization programs totaling $515 million at its LDCs ($300 million outstanding as of 30 June 2014). The programs are renewed annually.

As of 30 June 2014, NiSource had $18 million of cash on hand in addition to $1.2 billion of available capacity under its revolver after giving effect to $801 million of commercial paper and $14 million in letters-of-credit outstanding. NiSource has $230 million of notes due in November 2015, a $325 million term loan due April 2016, and another $422 million of notes due in 2016.

Rating Outlook

The stable outlook reflects our expectation that NiSource's financial profile will decline modestly due to its planned corporate separation, but only temporarily. A debt to capitalization ratio of approximately 50% is expected as well as a decline in its cash flow to debt to the 11% - 12% range before slowly rising closer to the low-teens range. The stable outlook reflects and anticipates a smooth corporate separation, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed with a balanced mix of debt and equity. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, which together mitigate metrics that are weak for the rating category.

What Could Change the Rating - Up

An upgrade could be considered if there was further improvement in the utility's regulatory environment or if cash flow to debt rises to the high teens and interest coverage exceeds 4.0x on a sustained basis.

What Could Change the Rating - Down

The rating could be downgraded if there is a decline in credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates, or if debt coverage and interest coverage fall below 12% or 3.0x, respectively, on a sustained basis.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 6/30/2014		[3]Moody's 12-18 Month Forward ViewAs of October 2014	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year	4.0x	Baa	3x - 4x	Baa

Avg)					
b) CFO pre-WC / Debt (3 Year Avg)	15.0%	Baa		11% - 14%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	11.9%	Baa		9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	51.4%	Baa		49% - 53%	Baa
Rating:					
Grid-Indicated Rating Before Notching Adjustment		Baa1			Baa1
HoldCo Structural Subordination Notching	0	0		0	0
a) Indicated Rating from Grid		Baa1			Baa1
b) Actual Rating Assigned		Baa2			Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 6/30/2014(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

MOODY'S
INVESTORS SERVICE

WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

NiSource Inc.

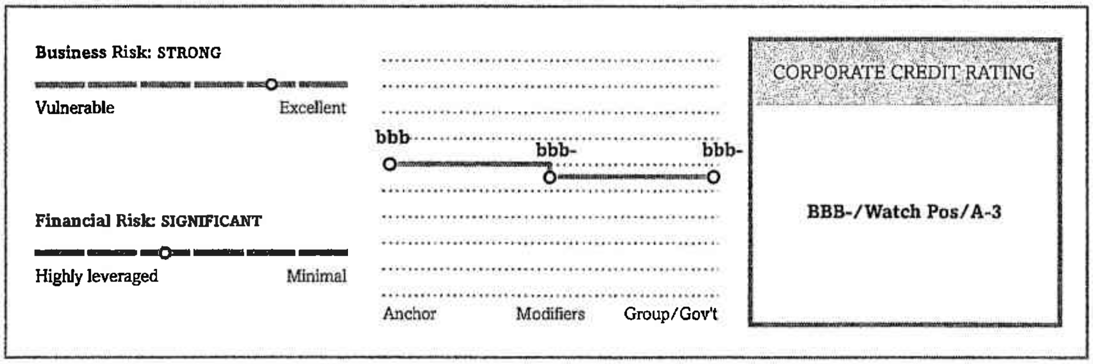
Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Secondary Contact:
Matthew L O'Neill, New York (1) 212-438-4295; matthew.oneill@standardandpoors.com

Table Of Contents

Table Of Contents (cont.)

NiSource Inc.



Rationale

Business Risk: Strong

- Corporate strategy based on regulated utilities and soon-to-be-divested energy midstream business Columbia Pipeline Group (CPG)
- Regulated utilities with mostly low operating risks
- Lack of competition in regulated service territories
- Diverse service area in seven states with numerous regulatory jurisdictions and a large residential customer base
- Gas distribution operations with geographic diversity and integration with the company's gas transmission network, providing operational flexibility
- Electric utility subsidiary Northern Indiana Public Service Co.'s (NIPSCO) higher-than-average dependence on industrial customers and flat growth at the utility

Financial Risk: Significant

- Expected high debt leverage (debt to EBITDA) of more than 5x
- Cash flow to debt measures, albeit improving slightly, are toward the lower end of the "significant" financial risk profile
- High capital spending
- Continuing high dividends
- Negative discretionary cash flow

CreditWatch

The ratings will remain on CreditWatch with positive implications until the spin-off of NiSource Inc.'s pipeline and midstream energy business, Columbia Pipeline Group, appears certain, with updates as needed. We could subsequently raise the issuer credit ratings and issue ratings on NiSource, NIPSCO, Bay State Gas, NiSource Finance, and NiSource Capital Markets by up to two notches, depending on the proposed financing and resulting credit measures of the remaining consolidated NiSource group. The ultimate rating would depend on any changes to our base case forecast and cash flow generation capability of the pro forma group.

Standard & Poor's Base-Case Scenario

Assumptions

- Spin-off of the midstream operations under CPG resulting in removal of midstream assets and its corresponding debt.
- Single-digit annual revenue growth over the next few years
- We expect capital spending of between $1.25 billion and $1.5 billion over next three years.
- Dividends in excess of $200 million over the forecast term
- Moderate rate increase in 2017 and 2018, which will allow it to earn close to its allowed returns on equity (ROEs).
- Continuation of current regulatory mechanisms.

Key Metrics

	2015E	2016E	2017E
FFO/debt (%)	12-14	12-14	13-14
OCF/debt (%)	12.5-13.5	13.5-15.0	14-16
Debt/EBITDA (x)	5-5.5	5-5.5	5-5.5

Standard & Poor's adjusted figures. E--Estimate. FFO--Funds from operations. OCF--Operating cash flow.

Company Description

NiSource Inc. is an energy holding company engaged in natural gas transmission, storage, and distribution, as well as electric generation, transmission, and distribution, serving more than 3.3 million and about 455,000 customers in its gas and electric distribution businesses, respectively, in seven states. NIPSCO, Bay State Gas, and Columbia Gas are pure-play utilities while CPG is involved in midstream operations. NiSource Finance Corp. and NiSource Capital Markets Inc. are the financing entities for NiSource Inc.

Business Risk: Strong

We based our assessment of NiSource's business risk profile on the company's "satisfactory" competitive profile and "very low" industry risk mostly derived from the regulated utility industry and the "very low" country risk of the U.S. where the company operates.

NiSource's competitive position partly reflects the stable regulatory framework of the low-risk regulated utility operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provides operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. NIPSCO is a vertically integrated electric and natural gas utility providing service mostly in northern Indiana. It has flat customer growth and above-average industrial exposure, largely to the steel-related industry. The utility has been installing environmental compliance equipment and using an environmental rate surcharge for timely recovery of costs. Base rates and various rate surcharges support cost recovery. Rates are above the state average, but not the highest in Indiana.

NiSource's current competitive position also reflects the gas midstream businesses, including a gas transmission network that has a huge underground storage system (working gas of about 280 billion cubic feet) and access to multiple supply basins. The company derives slightly more than 90% of revenues from firm take-or-pay contracts, and a moderate contract life exists mainly at maximum rates. These contracts provide more cash flow certainty because gas shippers pay whether or not they have gas to be transported. However, the company intends to spin-off these riskier midstream operations by mid-2015, after which we would incorporate such changes into company's business mix in our assessment.

S&P Base-Case Operating Scenario

- Spin-off of the riskier midstream operations under CPG, resulting in the removal of midstream assets and its corresponding debt, which would improve the company's business risk profile.
- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Base EBITDA is forecast to grow from customer growth, volume-related growth, moderate rate increases, and expansion projects that are expected to come into service over the forecast period.
- Utilities operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.
- NIPSCO continues spending on new transmission projects and pollution-control equipment while seeking higher operating cash flow through base rates and various rate surcharges. After starting rate recovery of these investments, we forecast that revenue and EBITDA will grow beyond base levels.

Peer comparison

Table 1

NiSource Inc.--Peer Comparison

Industry sector: combo

	NiSource Inc.	Dominion Resources Inc.	AGL Resources Inc.	DTE Energy Co.	Great Plains Energy Inc.
Rating as of March 24, 2015	BBB-/Watch Pos/A-3	A-/Negative/A-2	BBB+/Stable/A-2	BBB+/Positive/A-2	BBB+/Stable/A-2
	--Average of past three fiscal years--				
(Mil. $)					
Revenues	5,729.7	12,883.0	4,641.3	10,043.6	2,441.5
EBITDA	1,828.9	4,860.2	1,294.8	2,505.4	1,013.5
Funds from operations (FFO)	1,388.7	3,680.5	956.9	1,773.3	756.3
Operating income	1,127.5	3,201.8	832.9	1,486.1	631.9

Table 1

NiSource Inc.--Peer Comparison (cont.)					
EBIT	1,181.8	3,447.8	851.3	1,616.1	634.4
Interest Expense	479.4	1,169.4	223.1	601.5	260.8
Net income from cont. oper.	477.4	1,141.0	382.0	746.3	231.0
Working capital changes	(16.6)	(163.3)	(31.0)	46.3	12.3
Cash flow from operations	1,361.6	3,674.9	877.2	1,968.2	724.4
Capital expenditures	1,793.1	4,514.4	755.0	1,888.3	692.1
Free operating cash flow	(431.5)	(839.6)	122.2	79.9	32.3
Dividends paid	300.1	1,357.9	235.3	455.0	135.3
Discretionary cash flow	(731.6)	(2,197.4)	(113.1)	(375.1)	(103.1)
Cash and short-term investments	5.3	47.0	28.7	9.8	1.8
Debt	9,456.1	22,568.6	4,773.2	9,532.4	4,513.9
Preferred stock	0.0	1,882.8	0.0	240.0	19.5
Equity	5,872.1	13,343.7	3,646.3	8,227.5	3,486.3
Debt and equity	15,328.2	35,912.3	8,419.5	17,759.9	8,000.2
Adjusted ratios					
Compound annual revenue growth (%)	2.4	(4.7)	32.1	11.6	3.5
EBITDA margin (%)	31.9	37.7	27.9	24.9	41.5
EBIT interest coverage (x)	2.5	2.9	3.8	2.7	2.4
Return on capital (%)	6.6	8.3	8.5	7.8	7.1
EBITDA interest coverage (x)	3.8	4.2	5.8	4.2	3.9
EBITDA cash int. cov. (x)	4.4	5.0	6.8	5.6	4.9
FFO cash int. cov. (X)	4.5	5.0	6.2	5.3	4.9
CFO cash int. cov. (x)	3.3	3.8	4.6	4.4	3.5
Debt/EBITDA (x)	5.2	4.6	3.7	3.8	4.5
FFO/debt (%)	14.7	16.3	20.0	18.6	16.8
Cash flow from operations/debt (%)	14.4	16.3	18.4	20.6	16.0
Free operating cash flow/debt (%)	(4.6)	(3.7)	2.6	0.8	0.7
Discretionary cash flow/debt (%)	(7.7)	(9.7)	(2.4)	(3.9)	(2.3)
Total debt/debt plus equity (%)	61.7	62.8	56.7	53.7	56.4

Financial Risk: Significant

Based on the Medial Volatility financial ratio benchmarks, our assessment of NiSource's financial risk profile is significant. This takes into consideration the removal of midstream assets and the corresponding debt after the CPG spin-off, sustained cash flows from the regulated utility operations, and moderate rate increases in 2017 and 2018 that will allow it to earn close to its allowed ROEs. Also, we based the designation on the company's aggressive capital spending program and a dividend payout that exceeds 50%. We expect NiSource to continue having negative free operating cash flow over the next three years. Although we expect equity to grow, we also expect the company to continue using debt financing.

For the 12 months ended Dec. 31, 2014, adjusted FFO to debt was 13.7% and operating cash flow to debt was 13.1%. Our baseline forecast includes financial measures plateauing, with FFO to debt ranging between 12.5% and 14% over the next three years and operating cash flow to debt ranging from 13% to 15.5% over the same period. The plateauing financial measures include the effects of volume growth coupled with cost recovery through riders offset by moderate operations and maintenance increase.

S&P Base-Case Cash Flow And Capital Structure Scenario

- NiSource's cash flow ratios will remain consistent with the significant financial risk profile in 2014 and 2015. This includes an FFO to debt ratio ranging from roughly 12.5% to 14% and operating cash flow to debt ranging from 13% to 15.5%.
- Cash flow after capital spending and dividends, discretionary cash flow, will be negative over the next three years, resulting in external funding needs.
- Debt leverage as indicated by debt to EBITDA expected to remain above 5x each year over the next three years.

Financial summary

Table 2

NiSource Inc. -- Financial Summary

Industry sector: combo

	--Fiscal year ended Dec. 31--				
	2014	**2013**	**2012**	**2011**	**2010**
Rating history	BBB-/Watch Pos/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/--
(Mil. $)					
Revenues	6,470.6	5,657.3	5,061.2	6,019.1	6,422.0
EBITDA	1,904.8	1,838.7	1,743.3	1,572.2	1,667.4
Funds from operations (FFO)	1,400.6	1,394.4	1,371.1	1,036.2	1,222.2
Operating income	1,160.1	1,153.5	1,068.9	945.5	998.8
EBIT	1,229.0	1,213.6	1,102.8	952.8	1,017.6
Interest Expense	486.9	469.1	482.3	431.4	475.1
Net income from continuing operations	530.7	490.9	410.6	303.8	294.6
Cash flow from operations	1,362.8	1,460.1	1,261.9	1,184.8	1,066.4
Capital expenditures	2,020.5	1,867.1	1,491.7	1,122.1	801.1
Free operating cash flow	(657.7)	(407.0)	(229.8)	62.7	265.3
Dividends paid	321.3	305.9	273.2	257.8	255.6
Discretionary cash flow	(979.0)	(712.9)	(503.0)	(195.1)	9.7
Cash and short-term investments	0.0	6.7	9.1	2.9	2.3
Debt	10,415.2	9,108.4	8,844.7	8,463.4	8,055.8
Preferred stock	0.0	0.0	0.0	0.0	0.0

Table 2

NiSource Inc. -- Financial Summary (cont.)					
Equity	6,175.3	5,886.6	5,554.3	5,011.5	4,982.8
Debt and equity	16,590.5	14,995.0	14,399.0	13,475.0	13,038.6
Adjusted ratios					
EBITDA margin (%)	29.4	32.5	34.4	26.1	26.0
EBIT margin(%)	19.0	21.5	21.8	15.8	15.8
EBITDA interest coverage (x)	3.9	3.9	3.6	3.6	3.5
EBITDA cash int. cov. (x)	4.4	4.4	4.4	4.2	4.2
FFO cash int. cov. (x)	4.3	4.5	4.7	3.9	4.3
CFO cash int. cov. (x)	3.1	3.5	3.2	3.2	2.7
Debt/EBITDA (x)	5.5	5.0	5.1	5.4	4.8
FFO/debt (%)	13.4	15.3	15.5	12.2	15.2
Cash flow from operations/debt (%)	13.1	16.0	14.3	14.0	13.2
Free operating cash flow/debt (%)	(6.3)	(4.5)	(2.6)	0.7	3.3
Discretionary cash flow/debt (%)	(9.4)	(7.8)	(5.7)	(2.3)	0.1
Net Cash Flow / Capex (%)	53.4	58.3	73.6	69.4	120.7
Debt/debt and equity (%)	62.8	60.7	61.4	62.8	61.8
Return on capital (%)	6.4	6.8	6.6	6.1	6.7
Return on common equity (%)	8.7	8.4	7.6	6.1	6.0
Common dividend payout ratio (un-adj.) (%)	60.6	62.3	66.6	85.0	86.8

Liquidity: Adequate

NiSource has "adequate" liquidity, as our criteria define the term. The company's sources of liquidity are likely to cover its uses by more than 1.1x in the next 12 months. We expect NiSource to meet cash outflows even with a 10% decline in EBITDA. As such, Nisource benefits from stable cash flow generation, availability under its revolving credit facility and access to capital markets. There are sizable debt maturities in 2015 and 2016; however, we expect the company to refinance these given its satisfactory standing in the credit markets.

Principal Liquidity Sources	Principal Liquidity Uses
• We forecast FFO of about $1.1 billion in 2015 • Average availability of about $1.5 billion under the credit facility after the spin-off • Assets divestment of roughly $4 billion in 2015 • Common equity issuance of $1.2 billion in 2015	• Capital spending of about $1.6 billion in 2015 • Dividends of roughly $200 million in 2015 • Debt maturities of about $265 million in 2015 • Working capital outflows of about $120 million in 2015

Debt maturities

- 2015: $266.6 mil.
- 2016: $757.5 mil.
- 2017: $1350.3 mil.
- 2018: $811.1 mil.

- 2019: $552.6 mil.

Covenant Analysis

NiSource's credit facility and three-year term loan have a covenant of maximum debt to total capital of 70%. As of year-end 2014, the ratio was 62%.

We believe headroom could erode somewhat if debt rises rapidly, without adequate growth in equity while the company makes capital investments.

Compliance Expectations	Requirements
• The company was in compliance as of Dec. 31, 2014 • Single-digit EBITDA growth and elevated capital spending should still permit a cushion • Covenant headroom could decrease without adequate cost recovery of capital investments	• Current: 70% • As of year-end 2015: 70% • As of year-end 2016: 70%

Other Credit Considerations

The ratings on NiSource include a one-notch negative adjustment for comparable rating analysis that reflects NiSource's weak financial ratios within the significant financial risk profile.

Group Influence

Under the group rating methodology, we view NiSource as the parent of the group whose members are NIPSCO, Bay State Gas, NiSource Finance, and NiSource Capital Markets. As a result, NiSource's group and stand-alone credit profiles are the same at 'bbb-'.

Ratings Score Snapshot

Corporate Credit Rating

BBB-/Watch Pos/A-3

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Satisfactory

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : bbb-

- **Group credit profile:** bbb-

Recovery Analysis

NiSource has fully guaranteed the debt of Bay State Gas Co. and financing entity NiSource Finance, and mostly at finance entity NiSource Capital Markets. The short-term rating is 'A-3' based on the company's issuer credit rating (ICR) and our assessment of its liquidity as at least adequate. We rate the senior unsecured debt at NiSource Finance and NiSource Capital Markets the same as the ICR because priority obligations, including operating utility debt, are less than 20% of total assets.

Reconciliation

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)

	--Fiscal year ended Dec. 31, 2014--									
NiSource Inc. reported amounts										
	Debt	Shareholders' equity	Revenues	EBITDA	Operating income	Interest expense	EBITDA	Cash flow from operations	Dividends paid	Capital expenditures
Reported	9,999.4	6,175.3	6,470.6	1,867.9	1,262.4	443.6	1,867.9	1,321.0	321.3	2,028.5
Standard & Poor's adjustments										
Interest expense (reported)	--	--	--	--	--	--	(443.6)	--	--	--
Interest income (reported)	--	--	--	--	--	--	3.8	--	--	--
Current tax expense (reported)	--	--	--	--	--	--	(11.3)	--	--	--
Operating leases	205.1	--	--	38.4	9.3	9.3	29.1	29.1	--	--
Postretirement benefit obligations/deferred compensation	436.9	--	--	(35.0)	(35.0)	24.5	(67.6)	15.1	--	--

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $) (cont.)

Surplus cash	(25.4)	--	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	8.0	(8.0)	(8.0)	--	(8.0)
Share-based compensation expense	--	--	--	72.3	--	--	72.3	--	--	--
Dividends received from equity investments	--	--	--	37.8	--	--	37.8	--	--	--
Asset retirement obligations	103.6	--	--	1.5	1.5	1.5	(1.7)	5.6	--	--
Non-operating income (expense)	--	--	--	--	22.3	--	--	--	--	--
Debt - Accrued interest not included in reported debt	140.7	--	--	--	--	--	--	--	--	--
Debt - Other	(445.1)	--	--	--	--	--	--	--	--	--
EBITDA - Income (expense) of unconsolidated companies	--	--	--	(46.6)	(46.6)	--	(46.6)	--	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	--	(31.5)	(31.5)	--	(31.5)	--	--	--
EBIT - Income (expense) of unconsolidated companies	--	--	--	--	46.6	--	--	--	--	--
Total adjustments	415.8	0.0	0.0	36.9	(33.4)	43.3	(467.3)	41.8	0.0	(8.0)

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid	Capital expenditures
Adjusted	10,415.2	6,175.3	6,470.6	1,904.8	1,229.0	486.9	1,400.6	1,362.8	321.3	2,020.5

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria – Corporates - Industrials: Key Credit Factors For The Midstream Energy Industry, Dec. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers,

Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Criteria - Corporates - Utilities: Notching Of U.S. Investment-Grade Investor-Owned Utility Unsecured Debt Now Better Reflects Anticipated Absolute Recovery, Nov. 10, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Commercial Paper, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 30, 2015)

NiSource Inc.	
Corporate Credit Rating	BBB-/Watch Pos/A-3
Commercial Paper	
Local Currency	A-3/Watch Pos
Senior Unsecured	BBB-/Watch Pos
Corporate Credit Ratings History	
29-Sep-2014	BBB-/Watch Pos/A-3
28-Jul-2011	BBB-/Stable/A-3
05-Mar-2009	BBB-/Stable/NR
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Watch Pos/NR
Senior Unsecured	BBB-/Watch Pos
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Watch Pos/NR
Senior Unsecured	BBB-/Watch Pos
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Watch Pos/A-3
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Watch Pos/NR
Senior Unsecured	AA-/Stable
Senior Unsecured	BBB-/Watch Pos

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

INFRASTRUCTURE AND PROJECT FINANCE

MOODY'S
INVESTORS SERVICE

ISSUER IN-DEPTH
11 MAY 2015

Rate this Research

RATINGS

NiSource Finance Corporation*	
Issuer Rating	Baa2
Outlook	Stable

*** Debt guaranteed by NiSource Inc.**

Source: Moody's Investors Service

ANALYST CONTACTS

Lesley Ritter 212-553-1607
Analyst
lesley.ritter@moodys.com

Michael G. Haggarty 212-553-7172
Associate Managing Director
michael.haggarty@moodys.com

NiSource Inc.

As a Pure-Play Utility, Stable Cash Flow Will Help Offset High Leverage

» NiSource Inc. **'s credit metrics will weaken for the foreseeable future following the spin-off of its natural gas pipeline segment later this year.** Although the company plans to pay down about $2.75 billion of debt as part of the corporate separation, NiSource's leverage will remain significant and will weigh on its credit metrics.

» **But the stability of NiSource's remaining operating cash flows will largely offset the risk posed by its high debt levels.** As a holding company of a portfolio of seven fully rate-regulated utilities operating in credit-supportive regulatory jurisdictions, NiSource will generate stable and predictable operating cash flows, somewhat mitigating its high leverage.

» **NiSource's supportive regulatory compact has now become the crux of the company's credit quality.** NiSource's utility subsidiaries benefit from credit-supportive rate mechanisms that underpin the stability of NiSource's operating cash flow generation. These rate constructs shield the company from significant revenue fluctuations and provide timely recovery of operating and capital costs.

» **Moreover, local distribution companies (LDCs) will generate most of NiSource's earnings.** With no exposure to the risks associated with owning power-generation assets, LDCs carry lower business risk than their vertically integrated electric utility counterparts. Furthermore, the size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

» **As an owner of generation assets, NiSource's electric subsidiary is inherently riskier.** Generation plants are typically the most expensive part of a utility's infrastructure and are subject to greater construction and operational risk, among others. Even so, the regulatory environment is favorable and available tracker mechanisms add to the stability and timeliness of much of the electric subsidiary's cost recovery.

NiSource's credit metrics will weaken for the foreseeable future following the spin-off

Although NiSource (Baa2 stable for its guaranteed financing vehicle) plans to pay down about $2.75 billion of debt later this year as part of the spin-off of its natural gas pipeline segment, Columbia Pipeline Group (Baa2 stable), its remaining leverage will nonetheless be significant and will weigh on its credit metrics.

NiSource issues most of its debt through NiSource Finance Corp. (NFC) and does not break out its intercompany loans. But by adjusting the company's consolidated debt by the amount of debt implied by each subsidiary's targeted capital structure (see appendix), we estimate that NiSource's holding company debt after the separation will be about $4 billion and will remain at about 50% of consolidated levels (Exhibit 1).

Although this holding company debt is not structurally subordinated, since the vast majority of NiSource's debt is issued by NFC, with identical priority in the capital structure, its share of consolidated debt points to NiSource's high leverage.

Retail utility rates are calculated based on a targeted capitalization structure approved by regulators under the premise that the rates are sufficient to cover debt service at the utility and provide an equity return to its shareholder. As a result, any debt in excess of the targeted operating company regulatory capital structure depends on the utility's ability to earn a return in excess of its debt service. Equity returns are inherently more volatile and leave NiSource creditors exposed to authorized returns on equity (ROE) and rate constructs that allow the utilities to earn close to their authorized levels.

Exhibit 1

NiSource's holding company debt will stay near 50% after the separation

Estimated Total Debt by Entity	12/31/14 (actual)		12/31/15 (pro forma)	
NiSource Finance Corp.	$4,697	47%	$3,947	50%
LDCs (including NIPSCO's LDC)	2,398	24%	2,398	30%
NIPSCO (electric)	1,604	16%	1,604	20%
CPG*	1,300	13%	n/a	n/a
Total	9,999		7,949	

Notes: Figures are in millions. NFC amount in the table includes $109 million in debt outstanding under NiSource Capital Markets Inc. (Baa2 stable), NiSource's predecessor financing arm. * For purposes of this exercise, Moody's assumed that $2.75 billion in debt is will be paid down as part of the spin-off, with the $2.75 billion split between CPG and NFC.

Source: Moody's Investors Service estimates, Company website, SNL

Holding company debt is fairly common in the regulated utility sector, but there are only limited instances in our rated universe of regulated utilities where holding company debt exceeds 20% (Exhibit 2).

Exhibit 2

Only a few of the regulated utilities we rate have holding company debt that exceeds 20%

Select Holding Company	Rating	Outlook	Holding Company Debt (% of Consolidated Debt)
NiSource	*Baa2*	*Stable*	*~50%*
Duke Energy Corporation	A3	Stable	30%
WGL Holdings	A3	Stable	27%
TECO Energy Inc.	Baa1	Stable	35%
CMS Energy Corp	Baa2	Stable	30%
Laclede Group (The)	Baa2	Stable	50%
IPALCO Enterprises	Baa3	Stable	40%
Puget Energy Inc.	Baa3	Stable	27%
DPL Inc.	Ba3	Stable	60%

Sources: Company financials, Moody's Investor Services estimates

These elevated debt levels are particularly apparent in NiSource's meager debt coverage metrics, which we expect will be both weak for the rating and weak relative to its utility peers (Exhibit 3). This highlights the importance of NiSource's ability to generate stable and predictable operating cash flow to avoid further deterioration in its credit metrics.

Exhibit 3

NiSource's credit metrics are materially weaker than its LDC counterparts

Issuer Name	Rating	Outlook	Date	Int exp + CFO pre-WC/Int exp (3yr avg)	CFO pre-WC/D (3yr avg)	CFO pre-WC - Div/D (3yr avg)	Debt/ Capitalization (3yr avg)
NiSource Pro Forma	*Baa2*	*stable*	*Pro Forma*	*3 - 4x*	*11-14%*	*9-12%*	*49-53%*
Atmos Energy Corporation	A2	stable	9/30/2014	5.7x	24%	19%	43%
ONE Gas, Inc	A2	stable	12/31/2013	5.5x	20%	16%	43%
Piedmont Natural Gas Company, Inc.	A2	stable	10/31/2014	6.7x	21%	15%	47%
Northwest Natural Gas Company	A3	stable	9/30/14 (LTM)	5.3x	21%	17%	47%
WGL Holdings, Inc.	A3	stable	9/30/2014	9.0x	31%	24%	38%
CenterPoint Energy, Inc.	Baa1	stable	9/30/14 (LTM)	4.2x	18%	14%	52%
Laclede Group, Inc. (The)*	Baa2	stable	9/30/2014	5.1x	12%	8%	49%
AGL Resources Inc.	WR	n/a	9/30/14 (LTM)	5.6x	18%	13%	49%

*Laclede Group, Inc.'s financial ratios for the reported period reflect the full impact of the debt associated with the company's September 2014 acquisition of Alabama Gas Company but only account for Alagasco's operating cash flows from the acquisition date. We expect Laclede's CFO pre-WC/D metric to return to 14-19% and CFO pre-WC less dividend/D metrics to return to 10-15% over the next 12-18 months, reflecting a full year of operations as a combined entity.

Source: Moody's Investor Services

But the stability of the remaining operating cash flows largely offsets weak credit metrics

As a holding company to a portfolio of seven fully rate-regulated utilities operating under credit-supportive regulatory jurisdictions, NiSource's remaining businesses will generate stable and predictable operating cash flows that mitigate the negative impact of the company's higher debt levels.

NiSource's LDCs will represent about 65% of consolidated operating earnings on a post-separation basis, a credit positive because most of its cash flow will now be generated by the least risky part of its business. We believe LDCs carry less business risk than their vertically integrated electric counterparts. They are not engaged in power generation, typically the most expensive part of a utility's infrastructure, and are not exposed to the construction and operation of generation assets.

Furthermore, NiSource operates LDCs across seven states, representing 3.4 million customers and an annual consolidated rate base of $4.4 billion, making it the fourth-largest LDC in the US (based on number of customers; see Appendix C).

Over the past 10 years, the company has completed a round of rate cases across all of its jurisdictions that have increased theLDC segment's operating income 18% andraised consolidated non-volumetric revenue recovery. NiSource has also benefitted from the adoption of favorable regulatory rate-making mechanisms across its footprint. Currently, 81% of its LDC rate base is covered by either straight-fixed variable mechanisms or decoupling mechanisms that support stable revenue generation and protect the LDCs against changes in demand (Exhibit 4). The fixed-cost component of the company's distribution charge, which grew from an average of 36% in 2007 to over 80% in 2014, adds to the stability of operating income. Finally, the adoption of a forward test year in Pennsylvania increases the predictability of earnings as well.

Exhibit 4
NiSource's rate constructs support stable earnings

LDC	Share of Rate Base	Fixed Cost Component (% of Distribution Charge)	Decoupling / Weather Normalization	Forward Test Year
Columbia Gas of Ohio	32%	100%	Straight-fixed variable	n/a
Columbia Gas of Pennsylvania	22%	~50%	Weather normalization	Yes
NIPSCO Gas	18%	~60%	n/a	No*
Columbia Gas of Massachusetts	11%	~30%	Decoupling	No
Columbia Gas of Virginia	11%	~55%	Decoupling Weather normalization	No
Columbia Gas of Kentucky	5%	~60%	Weather normalization	No
Columbia Gas of Maryland	1%	~35%	Decoupling	No

* SB 560, enacted in 2013, provides for utilities to utilize a historical test year, a forward-looking test year, or a "hybrid" test year that includes both historical and projected data. No Indiana Utility Regulatory Commission regulated utility has filed a general rate case using a forward-looking test year to date.

Source: Company presentations

A Few Industry Terms

A **revenue decoupling mechanism** allows the utility to defer fixed distribution costs that the utility fails to recoup through its volumetric charges due to customer participation in conservation programs, lowering revenues. The utility is then allowed to recover the deferrals associated with unrecovered fixed costs through a surcharge mechanism over a period of time.

A **straight-fixed variable rate design** allows all of the utility's fixed costs to be recovered through the fixed monthly customer charge, and therefore, sales fluctuations caused by weather, customer participation in demand-side management programs and economic conditions do not impact the company's recovery of its fixed costs.

Forward test year allows the utility to use a forward-looking test year when filing a rate case. State utility commission typically use the concept of a "test year" — a consecutive 12-month period deemed to be a representative year for a utility in terms of costs and revenues relative to the year that rates will be in effect. A future test year uses projections and utility resource planning to derive forward looking revenue requirements in rate setting.

Weather normalization adjustment decouples the utility's revenues from the impact of weather on its distribution revenues.

Source: Moody's Investors Service

NiSource's regulatory compact is at the crux of the company's credit quality

NiSource's utility subsidiaries benefit from credit-supportive regulatory constructs across the majority of the company's footprint. In addition to a high degree of certainty around the LDCs' fixed operating-cost recovery, NiSource has secured trackers assuring recovery of about 60% of its planned capital expenditures and 100% of its infrastructure modernization programs (Exhibit 5).

Exhibit 5
System modernization trackers offer timely investment recovery

LDC	Share of Rate Base	Infrastructure Tracker	Regulatory Treatment
Columbia Gas of Ohio	32%	Accelerated Main Replacement Program	Tracker
Columbia Gas of Pennsylvania	22%	Distribution, and Storage System Improvement Charge	Forward Test Year / Tracker
NIPSCO Gas	18%	Transportation, Distribution, and Storage System Improvement Charge	Tracker / Rate case
Columbia Gas of Massachusetts	11%	Targeted Infrastructure Recovery Factor	Forward looking tracker
Columbia Gas of Virginia	11%	Steps to Advance Virginia's Energy Plan	Forward looking tracker
Columbia Gas of Kentucky	5%	Accelerated Main Replacement Program	Forward looking tracker
Columbia Gas of Maryland	1%	Strategic Infrastructure Development and Enhancement	Forward looking tracker / Rate case

Source: Company website

The regulatory treatment of the system modernization investments provides for near simultaneous recovery in spending, significantly reducing recovery lag and protecting the company against potential disallowances. These recovery mechanisms offer visibility into the size and timing of the cash flow from NiSource's investments, a concern since the company will most likely finance a portion of its planned capital expenditure through further debt issuances. However, we expect that the incremental debt will be serviced with timely incremental operating cash flow streams, which will allow NiSource to avoid further credit-metric erosion and keep its cash-flow coverage metrics in the low teens.

NiSource's electric subsidiary is inherently riskier

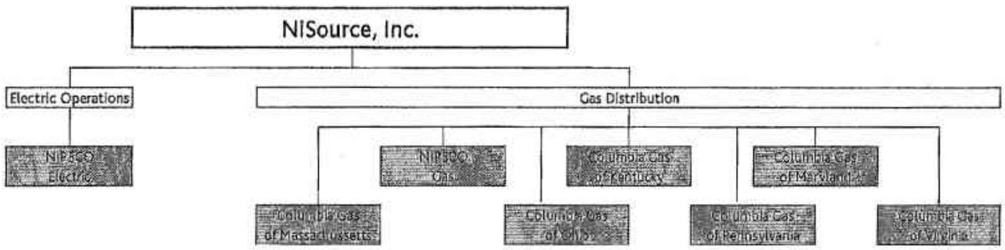
As an owner of generation assets, NiSource's electric subsidiary, Northern Indiana Public Service Company (NIPSCO, Baa1, stable) is inherently riskier than the LDC business.

The segment, which represents 35% of consolidated earnings, owns 3.3 gigawatts (GW) of generation capacity, including 2.5 GW of coal-fired units. The make-up of its service territory is also less credit supportive than those of its sister LDC companies. NIPSCO's electric operations are concentrated in a single, highly industrialized market territory. Fifty percent of the company's retail electric sales volumes are derived from industrial customers, leaving it particularly sensitive to economic cycles. Also, the electric segment does not have access to the decoupling mechanisms available to NiSource's LDCs.

Even so, Indiana's regulatory environment is generally favorable from a credit standpoint and provides the company with an attractive suite of mechanisms that cover most of its operating and capital expenses. For example, the company has received the necessary tracker approval for 70% of its planned capital investments through 2020. NIPSCO has also secured regulatory approval for recovery of its environmental upgrades, and we expect that any future prudently incurred upgrades associated with the pending carbon regulations would likely qualify for recovery under Indiana's environmental trackers as well.

Finally, the company's latest Integrated Resource Plan, released in 2014, does not envision the need for new power generation investment to satisfy load requirements for the foreseeable future, a credit positive since it further supports the relative ongoing stability of NiSource's electric segment.

Appendix A: NiSource's organizational structure after the spin-off



Source: Company presentation

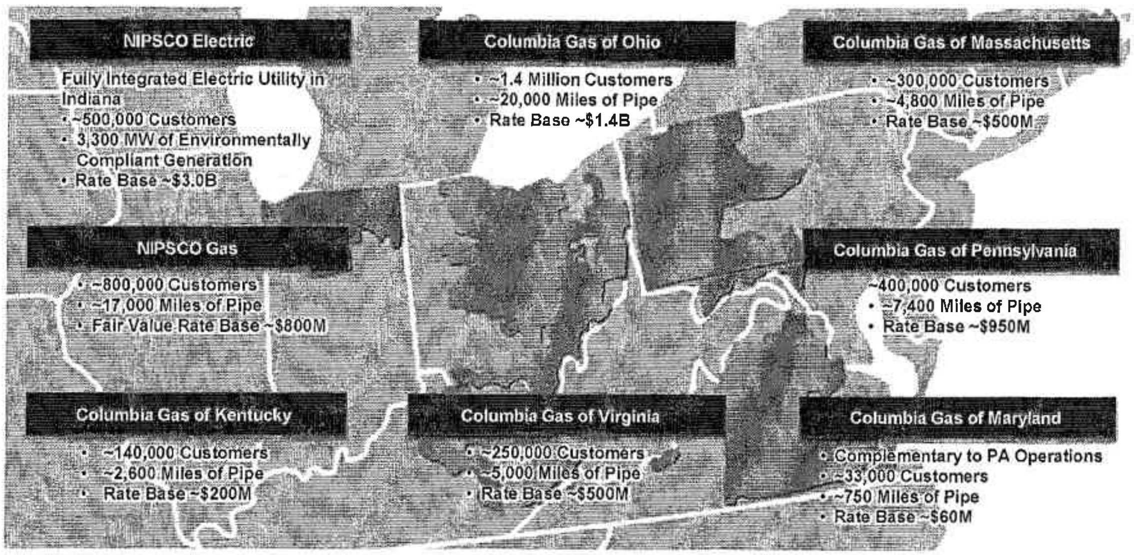
Appendix B: Targeted Regulatory Capital Structures

	Rate Base ($MM)	Target Regulatory Equity Ratio (%)	Estimated Long-term debt ($MM)
LDC segment			
Columbia Gas of Ohio	1,400	58.60%	580
Columbia Gas of Pennsylvania	950	52.17%	464
NIPSCO Gas	800	46.29%	430
Bay State Gas	500	53.68%	232
Columbia Gas of Virginia	500	42.70%	287
Columbia Gas of Kentucky	200	52.39%	95
Columbia Gas of Maryland	60	53.84%	28
Total estimated long-term debt at LDCs			2,114
Add: Accounts Receivable debt			284
Total estimated debt at LDCs			2,398
Electric segment			
NIPSCO Electric	3,000	46.53%	1,604
Total estimated debt at electric segment			1,604

Source: Company presentation, SNL

Appendix C: NiSource's footprint spans seven jurisdictions

The size of the LDCs' footprint provides NiSource with scale and diversity, shielding it from the economic and regulatory concentration risks associated with more centralized operations.



Source: Company presentation

Moody's Related Research

Credit Opinions:

» NiSource Inc.

» Northern Indiana Public Service Company

Pre-Sale Report:

» Columbia Pipeline Group, Inc.

Special Comment:

» High Leverage at the Parent Often Hurts the Whole Family, May 2015 (1002758)

» NiSource: Re-Tooling as a Midstream Player in the Utica Shale, November 2012 (147561)

Rating Methodology:

» Regulated Electric and Gas Utilities, December 2013 (157160)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

ANALYST CONTACTS

NEW YORK

Lesley Ritter 1.212.553.1607
Analyst
lesley.ritter@moodys.com

MOODY'S
INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's Affirms the ratings for NiSource Inc. and its subsidiaries; rating outlooks remain stable

Global Credit Research - 17 Jun 2015

New York, June 17, 2015 -- Moody's Investors Service ("Moody's") affirmed the ratings for NiSource, Inc. and its rated subsidiaries in anticipation of the imminent completion of its corporate separation, originally announced in September 2014. The spinoff of its natural gas pipeline and midstream assets, scheduled for 1 July 2015, entails NiSource splitting into two publicly traded companies: NiSource Inc.: a holding company with a portfolio of fully regulated electric and natural gas distribution utility subsidiaries: and Columbia Pipeline Group (CPG, Baa2 senior unsecured): a pure play natural gas pipeline, midstream and storage company. Today's rating affirmation does not include CPG. Ratings affirmed include the Baa2 senior unsecured rating and P-2 Commercial Paper rating for NiSource Finance Corporation, the principal funding vehicle for the NiSource family; the Baa2 rating for NiSource Capital Market's Inc., the legacy funding vehicle for the NiSource family, the Baa2 senior unsecured rating for Bay State Gas Company (Bay State), which reflects the guarantee from NiSource, Inc., and the Baa1 senior unsecured rating for Northern Indiana Public Service Company (NIPSCO). The (P) Ba1 preferred shelf for NiSource Inc., the ultimate parent company, was also affirmed. The rating outlooks for all of NiSource's rated entities are stable.

"NiSource's Baa2 rating reflects the low business risk and good diversity of its electric and natural gas distribution businesses" said Lesley Ritter, Analyst. "All six utility subsidiaries operate in supportive regulatory jurisdictions, where a $7.8 billion rate base will generate stable and predictable cash flows over the next few years, thereby mitigating NiSource's high leverage".

RATINGS RATIONALE

The Baa2 rating for NiSource primarily reflects its rate-regulated, low business risk utility assets. These businesses include six local distribution companies (representing approximately 55% of total consolidated rate base) and one combination vertically integrated electric and gas distribution utility, Northern Indiana Public Service Company (NIPSCO: Baa1 stable). The regulatory authorities that oversee these utilities are supportive to long-term credit quality because they provide an attractive suite of timely recovery mechanisms for prudently incurred costs and investments and authorized equity returns are at or above the national average. These utility operations also benefit from numerous special rate riders and trackers that shield approximately 65% of revenues from volumetric-related fluctuations. NiSource also benefits from good geographic diversity and size, with a footprint spanning seven states across the Northeast quadrant of the US, and a low business risk profile with natural gas distribution companies representing approximately 65% of consolidated operating income. Combined, the supportiveness of NiSource's regulatory jurisdictions and its good geographic diversity, are viewed as a material credit positive.

The rating is constrained by NiSource's weak financial profile, primarily relating to its significant leverage. Furthermore, NiSource's extensive capital investment projects will continue to pressure its debt coverage and capitalization ratios over the coming years. As a result, we expect NiSource will apply a conservative financing approach to its capital investments, including a balanced mix of debt and equity.

"NiSource's high debt level appears unlikely to change for the foreseeable future, and will pressure consolidated metrics, including a ratio of cash flow to debt in the 12-13% range over the next few years. Although the financial profile reflects only a limited amount of financial flexibility, we do not see the credit profile deteriorating." Ritter added.

NiSource's stable outlook reflects our expectation that its financial profile will decline modestly due to its corporate separation, but only temporarily. A debt to capitalization ratio of approximately 50% is expected as well as a decline in its cash flow to debt to the 12-13% range before slowly rising closer to the mid-teens range towards the end of the decade. The stable outlook reflects and anticipates the completion of the corporate separation in line with the company's outlined timeline and terms, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed in a balanced manner. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, that together mitigate metrics that are weak for the rating.

NIPSCO's Baa1 rating reflects the company's healthy standalone credit metrics and favorable regulatory environment. The rating is constrained by its geographic concentration in northern Indiana and a mature and highly industrialized service area, leaving it particularly exposed to macroeconomic fluctuations. The one-notch difference in the rating of NIPSCO and NiSource takes into account the implicit burden of substantial debt at the parent level and the fairly unrestricted movement of cash among its affiliates in a centralized money pool.

NIPSCO's stable outlook reflects the parent's stable outlook, the credit supportiveness of its regulatory environment, and the expectation that the company will continue to recover its large capital investment program on a timely basis. The outlook also anticipates a that any funding shortfall will be prudently funded.

What Could Change the Rating -- Up

An upgrade at NiSource could be considered if there was further improvement in the utility's regulatory environment or if the cash flow to debt ratio rises to the high teens and interest coverage exceeds 4.0x on a sustained basis.

NIPSCO's rating could be raised if there is an improvement in the regulatory environment that led to meaningfully greater predictability, timeliness and/or sufficiency of rates such that financial metrics would be expected to improve, specifically if CFO pre-WC to debt rises above 24% and interest coverage to over 5.0x on a sustained basis. An upgrade at NiSource could also place upward rating pressure on NIPSCO.

What Could Change the Rating - Down

The rating could be downgraded if there is a decline in credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix such that its business risk profile deteriorates, or if debt coverage and interest coverage fall below 12% and 3.0x, on a sustained basis.

NIPSCO's rating could be downgraded if it experiences a deterioration in its relationship with its primary regulators or if its CFO pre-WC to debt metrics fell to the mid-teens on a sustained basis. NIPSCO's rating could come under downward pressure if its parent adopted an aggressive corporate finance strategy where it would place additional reliance on dividends from its regulated subsidiary to service the parent debt. Finally, a downgrade at NiSource could also place downward rating pressure on NIPSCO.

Any change in Bay State's rating or outlook is linked to a change in its parent rating or outlook.

Outlook Actions:

..Issuer: Bay State Gas Company

....Outlook, Remains Stable

..Issuer: NiSource Capital Markets, Inc.

....Outlook, Remains Stable

..Issuer: NiSource Finance Corporation

....Outlook, Remains Stable

..Issuer: NiSource Inc.

....Outlook, Remains Stable

..Issuer: Northern Indiana Public Service Company

....Outlook, Remains Stable

Affirmations:

..Issuer: Bay State Gas Company

....Senior Unsecured Medium-Term Note Program, Affirmed (P)Baa2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

..Issuer: Jasper (County of) IN - Supported by Northern Indiana Public Service Company

....Senior Secured Revenue Bonds, Affirmed A1/VMIG 1

....Senior Unsecured Revenue Bonds, Affirmed Baa1

..Issuer: NiSource Capital Markets, Inc.

....Backed Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

..Issuer: NiSource Finance Corporation

.... Issuer Rating, Affirmed Baa2

....Senior Unsecured Bank Credit Facility, Affirmed Baa2

....Backed Senior Unsecured Commercial Paper, Affirmed P-2

....Backed Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

....Backed Senior Unsecured Shelf, Affirmed (P)Baa2

..Issuer: NiSource Inc.

....Preferred Shelf, Affirmed (P)Ba1

....Preferred Shelf - PS2, Affirmed (P)Ba1

..Issuer: Northern Indiana Public Service Company

.... Issuer Rating, Affirmed Baa1

....Senior Unsecured Medium-Term Note Program, Affirmed (P)Baa1

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The following information supplements Disclosure 10 ("Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of SEC Rule 17g-7") in the regulatory disclosures made at the ratings tab on the issuer/entity page on www.moodys.com for each credit rating as indicated:

Moody's was not paid for services other than determining a credit rating in the most recently ended fiscal year by the person(s) that paid Moody's to determine this credit rating.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Lesley Ritter
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: MOODY'S Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of MOODY'S Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.
MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Research Update:

NiSource Inc. And Subsidiaries Ratings Raised To 'BBB+' From 'BBB-' On Spin-Off; Outlook Stable

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Secondary Contact:
Matthew L O'Neill, New York (1) 212-438-4295; matthew.oneill@standardandpoors.com

Table Of Contents

Research Update:

NiSource Inc. And Subsidiaries Ratings Raised To 'BBB+' From 'BBB-' On Spin-Off; Outlook Stable

Overview

- U.S. utility holding company NiSource Inc. is expected to complete its divestiture of its pipeline and midstream energy subsidiary Columbia Pipeline Group (CPG) on July 1, 2015. The CPG divestiture will leave NiSource as a regulated utility holding company that will have a business risk profile that we consider "excellent" compared to "strong" with the inclusion of the CPG business.
- We expect NiSource to complete the spin-off on July 1, 2015, as indicated by the company.
- We are raising our issuer credit rating (ICR) on NiSource Inc. to 'BBB+' from 'BBB-' and removing the rating from CreditWatch.
- We are raising our ICRs on utility subsidiaries Northern Indiana Public Service Co. and Bay State Gas Co., as well as finance entities NiSource Finance Corp. and NiSource Capital Markets Inc., to 'BBB+' from 'BBB-'.
- We are raising our short-term rating on NiSource and NiSource Finance to 'A-2' from 'A-3'.
- The rating outlooks are stable based on our expectation that NiSource will continue to effectively manage its regulatory risk, thereby supporting consistent operating results of the remaining utility company and a financial risk profile in line with expectations at the 'BBB+' rating.

Rating Action

On June 18, 2015, Standard & Poor's Ratings Services raised its issuer credit rating (ICR) on utility holding company NiSource Inc., its operating subsidiaries Northern Indiana Public Service Co. (NIPSCO) and Bay State Gas Co., and its finance entities NiSource Finance Corp. and NiSource Capital Markets Inc., to 'BBB+' from 'BBB-'. At the same time, we removed the ratings from CreditWatch, where they were placed with positive implications on Sept. 29, 2014. The outlook is stable. We also raised the short-term ratings on NiSource and NiSource Finance to 'A-2' from 'A-3'.

Rationale

NiSource is nearing the spin-off of the higher-risk pipeline and midstream energy business, Columbia Pipeline Group (CPG), resulting in sufficient improvement in business risk to revise the company's business risk profile to "excellent" from "strong". Following this divestiture, NiSource's pro forma operating earnings will be about two-thirds low-risk regulated natural gas distribution utility operations and one-third vertically integrated electric utility operations. The "excellent" business risk assessment incorporates NiSource's focus only on regulated utility operations where there is geographical and operating diversity with numerous utilities that serve more than 3.3 million natural gas distribution customers in seven states from Indiana to Massachusetts and 450,000 electricity customers in northern Indiana.

We base our assessment of NiSource's business risk profile on the company's "strong" competitive position and "very low" industry risk derived from the regulated utility industry and the "very low" country risk of the U.S. where the company operates. NiSource's competitive position partly reflects the stable regulatory framework of the low-risk regulated utility operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provides operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. NIPSCO is a vertically integrated electric and natural gas utility providing service mostly in northern Indiana. It has flat customer growth and above-average industrial exposure, largely to the steel-related industry. The utility has been installing environmental compliance equipment and using an environmental rate surcharge for timely recovery of costs. Base rates and various rate surcharges support cost recovery. Rates are above the state average, but not the highest in Indiana.

Based on the medial volatility financial ratio benchmarks, our assessment of NiSource's financial risk profile is significant. This takes into consideration the removal of midstream assets and the corresponding debt after the CPG spin-off and sustained cash flows from the regulated utility operations through ongoing rate recovery of capital expenditures and operating expenses. Over the next three years, we expect that NiSource will continue to seek external financing since under our baseline forecast the company will generate an annual deficit in discretionary cash flow, or remaining operating cash flow after its capital spending and dividends. Our baseline forecast includes financial measures plateauing, with funds from operations (FFO) to debt ranging between about 12.5% and 14% through 2018 and operating cash flow (OCF) to debt ranging between about 13% and 16% over the same period. The financial measures include the effects of volume growth coupled with cost recovery through riders offset by moderate operations and maintenance increase.

Liquidity

NiSource has "adequate" liquidity, as our criteria define the term. The company's sources of liquidity are likely to cover its uses by more than 1.1x in the next 12 months. We expect NiSource to meet cash outflows even with a 10% decline in EBITDA. As such, NiSource benefits from stable cash flow generation, availability under its revolving credit facility and access to capital markets. There are sizable debt maturities but we expect the company to refinance these given its satisfactory standing in the credit markets.

Principal liquidity sources:
We forecast FFO of about $1.2 billion for 12 months ending March 31, 2016.
Average availability of about $1.5 billion under the credit facility following the spin-off.
Asset sale of roughly $3 billion for 12 months ending March 31, 2016.

Principal liquidity uses:
Capital spending of about $1.5 billion for 12 months ending March 31, 2016.
Dividends of roughly $200 million for 12 months ending March 31, 2016.
Debt maturities and redemptions of about $3.6 billion for the period ending March 31, 2016.
Working capital outflows of about $105 million for 12 months ending March 31, 2016.

Outlook

The stable rating outlook on NiSource reflects our expectation that management will focus on its fully regulated utilities. The outlook also reflects our expectations that cash flow protection and debt leverage measures will be appropriate for the rating. Specifically, our baseline forecast includes FFO to total debt between 12.5% and 14% and OCF to debt between 13% and 16%. Given the company's regulated focus, we expect that NiSource will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes.

Downside scenario

We could lower ratings if unregulated operations are added to the fully regulated company. Ratings could also be lowered if core financial measures were to consistently underperform our base-case forecast and remain consistently at less credit-supportive levels, including adjusted FFO to debt consistently below 12%. This could occur if cost recovery is not as timely as expected, construction projects are over budget or if capital expenditures exceed forecasted levels and is primarily debt financed.

Upside scenario

Although unlikely over the next few years, we could raise the ratings if the business risk profile further strengthened or if financial measures exceeded our baseline forecast on a consistent basis, including FFO to total debt over 18%. Improved financial measures could occur through more robust cost recovery, debt retirement, or greater equity funding.

Other Credit Considerations

The ratings on NiSource include a one-notch negative adjustment for comparable rating analysis that reflects NiSource's weak financial ratios within the significant financial risk profile.

Group Influence

Under the group rating methodology, we view NiSource as the parent of the group whose members are NIPSCO, Bay State Gas, NiSource Finance, and NiSource Capital Markets. As a result, NiSource's group and stand-alone credit profiles are the same at 'bbb+'.

Ratings Score Snapshot

Corporate Credit Rating: BBB+/Stable/A-2

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant
- Cash flow/Leverage: Significant

Anchor: a-

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: bbb+
Group credit profile: bbb+

Recovery Analysis

NiSource has fully guaranteed the debt of Bay State Gas Co. and financing entity NiSource Finance, and most of the debt of finance entity NiSource Capital Markets. The short-term rating is 'A-2' based on our ICR on the company and our assessment of its liquidity as at least adequate. We rate the senior unsecured debt at NiSource Finance and NiSource Capital Markets the same as the ICR because priority liabilities, including operating utility debt, are less than 20% of total assets.

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Upgraded; CreditWatch/Outlook Action

	To	From
NiSource Inc.		
Corporate Credit Rating	BBB+/Stable/A-2	BBB-/Watch Pos/A-3
Bay State Gas Co.		
Corporate Credit Rating	BBB+/Stable/--	BBB-/Watch Pos/--
Senior Unsecured	BBB+	BBB-/Watch Pos
NiSource Capital Markets Inc.		
Corporate Credit Rating	BBB+/Stable/--	BBB-/Watch Pos/--
Senior Unsecured	BBB+	BBB-/Watch Pos
NiSource Finance Corp.		
Corporate Credit Rating	BBB+/Stable/A-2	BBB-/Watch Pos/A-3
Senior Unsecured	BBB+	BBB-/Watch Pos
Commercial Paper	A-2	A-3/Watch Pos
Northern Indiana Public Service Co.		
Corporate Credit Rating	BBB+/Stable/--	BBB-/Watch Pos/--
Senior Unsecured	BBB+	BBB-/Watch Pos

Affirmed

Northern Indiana Public Service Co.	
Senior Unsecured*	AA-/Stable

*Northern Indiana Public Service Co. is the obligor of issuances.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

MOODY'S
INVESTORS SERVICE

Credit Opinion: NiSource Inc.

Global Credit Research - 18 Jun 2015

Merrillville, Indiana (State of), United States

Ratings

Category	**Moody's Rating**
Outlook	Stable
Pref. Shelf	(P)Ba1
NiSource Finance Corporation	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
Northern Indiana Public Service Company	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
NiSource Capital Markets, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
Bay State Gas Company	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	**Phone**
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**NiSource Inc.**

	3/31/2015(L)	**12/31/2014**	**12/31/2013**	**12/31/2012**	**12/31/2011**
CFO pre-WC + Interest / Interest	**4.3x**	**4.1x**	**4.1x**	**4.3x**	**3.9x**
CFO pre-WC / Debt	**16.5%**	**13.4%**	**14.9%**	**16.5%**	**13.9%**
CFO pre-WC - Dividends / Debt	**13.0%**	**10.4%**	**11.6%**	**13.4%**	**10.9%**
Debt / Capitalization	**45.6%**	**52.1%**	**50.4%**	**51.3%**	**53.3%**

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- NiSource set to become a fully regulated utility company on 1 July 2015

- Persistent high debt balance and elevated investment spend weigh on financial profile

- Stability of cash flows underpinned by supportive regulatory constructs that largely offset high leverage

- Regulated utility assets carry low business risk

Corporate Profile

Following NiSource Inc.'s (Baa2, senior unsecured for its guaranteed financing vehicle, NiSource Finance Corp.) 1 July 2015 corporate separation from Columbia Pipeline Group (CPG, Baa2, stable), the company will become a holding company with a portfolio of regulated utility subsidiaries. More specifically, NiSource will own one of the largest natural gas local distribution companies (LDCs) in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland and over 3.4 million customers, as well as a mid-sized vertically integrated electric utility in Indiana. The LDCs will account for about 65% of the company's consolidated operating earnings, with the balance coming from its electric utility. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State Gas, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 senior unsecured, stable).

On 17 June 2015, we affirmed the Baa2 senior unsecured rating for NiSource's guaranteed financing vehicle ahead of the completion of its corporate separation, as well as Bay State Gas' Baa2 senior unsecured rating and NIPSCO's Baa1 senior unsecured rating. The outlook is stable.

SUMMARY RATING RATIONALE

NiSource's Baa2 rating reflects the credit supportiveness and diversity of its multiple regulatory jurisdictions that allow the company to generate stable and predictable operating cash flows, the low business risk nature of its operations (approximately 65% of utility operating earnings generated at natural gas LDCs), as well as its broad geographic footprint and scale (approximately 4 million utility customers across seven states). Together, these help mitigate against a weak financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. We anticipate a ratio of cash flow to debt in the low-teens' range over the next three to five years. The rating also assumes that the company will complete its corporate separation by the intended date and in accordance with the plan outlined to the public.

DETAILED RATING CONSIDERATIONS

NISOURCE TO BECOME FULLY REGULATED UTILITY COMPANY ON 1 JULY 2015

The spin-off of CPG into a separate, publicly listed company, simplifies NiSource's operations and transforms the company into a fully regulated utility holding company. It also removes the uncertainty associated with its pipeline business including contract renewal risk and execution risk on its multibillion dollar capital expenditure program. Furthermore, given the creation of a master limited partnership to finance CPG's capital investments, the separation allows NiSource to maintain a straightforward and transparent corporate financing structure.

PERSISTENT HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPEND WEIGH ON FINANCIAL PROFILE

NiSource's rating is constrained by its weak financial profile, primarily relating to its elevated debt levels which appear unlikely to change for the foreseeable future. Although NiSource is paying down about $2.75 billion of debt as part of its corporate separation, the company's leverage remains significant and weighs on its debt coverage metrics.

The extensive capital investment projects at its utilities, estimated at about $1.4 billion per year through 2020, will place added pressure to the company's financial profile. We anticipate that its debt coverage metrics will decline from their current mid-teen levels over the next few years, falling to the 12-13% range before returning near the mid-teens towards the end of the decade, once new projects begin generating sufficient cash flows to offset the company's leverage. Furthermore, given NiSource's existing debt balance, we expect the company will apply a conservative approach to financing its capital investments, including equity issuances, as necessary to avoid further eroding its debt coverage and debt to capitalization ratios.

STABILITY OF CASH FLOWS UNDERPINNED BY SUPPORTIVE REGULATORY CONSTRUCT LARGELY OFFSET HIGH LEVERAGE

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program, that provide for timely recovery of its sizeable infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental and system modernization investments.

NiSource's LDCs have become steadier and more profitable over the past several years due to rate increases and improved rate design. Over the past 10 years, the company has completed multiple rounds of rate cases across all of its jurisdictions that have increased the LDC segment's operating income 18% and raised consolidated non-volumetric revenue recovery to above 80%.

In 2014, NiSource completed two general rate cases. The Columbia Gas of Massachusetts's (CMA, 11% of consolidated utility rate base) rate case was decided following a fully litigated proceeding with a final order granting about 65% of CMA's requested increased based on a 9.55% return on equity and a 53.68% equity ratio. The Columbia Gas of Pennsylvania (CPA, 22% of consolidated utility rate base) rate case was settled eight months after original filing, resulting in 60% of the requested amount being granted.

Massachusetts continues to be NiSource's most challenging jurisdiction where rate cases are typically fully litigated rather than settled. Nevertheless, we view CMA's latest rate case order as generally credit positive since it granted the company a return on equity that is higher than the one allowed in its 2012 rate order, an equity strong capital structure, as well as the right to continue the company's targeted infrastructure recovery factor, which provides for recovery of its pipeline replacement program.

NiSource currently has three ongoing base rate proceedings underway, that together account for 44% of consolidated utility rate base and, if approved as filed, would represent a total of $127 million in additional base revenues with new rates going into effect over the next nine months.

Among its other 2014 regulatory proceedings, NiSource received regulatory approvals on its seven-year electric and gas investment plans filed in Indiana for a total investment amount of $1.8 billion. Legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution and storage projects, with 80% of eligible costs being recovered using the TDSIC rider and 20% of the cost being deferred. Despite some noise around TDSIC pertaining to the completeness of the utility's original filing seven-year electric plan, we expect TDSIC along with NiSource's other infrastructure riders to allow the company to recover a significant portion of their sizeable infrastructure investments in a timely fashion, allowing for predictable operating cash flow generation over the near to medium term.

REGULATED UTILITY ASSETS ARE LOW RISK

As of 1 July, 2015, NiSource's seven LDCs will represent about 65% of pro forma operating income, while its vertically integrated electric utility segment make up the difference.

With no exposure to the risks associated with owning power-generation assets, LDCs carry lower business risk than their vertically integrated electric utility counterparts. Furthermore, the size and broad geographic footprint of NiSource's LDC operations offer regulatory diversity and provide a natural hedge against material exposure to a single jurisdiction.

NiSource's electric segment is inherently riskier than the LDC business. In addition to its exposure to the risks associated with generation assets, unlike its LDC counterparts, its operations are concentrated in a single, highly industrialized market territory. About fifty percent of the company's retail electric sales volumes are derived from industrial customers, leaving it particularly sensitive to economic cycles. Also, the electric segment does not have access to the decoupling mechanisms available to NiSource's LDCs.

Still, Indiana's regulatory environment is generally favorable from a credit standpoint and provides the company with an attractive suite of recovery mechanisms that cover most of its operating and capital expenses. Additionally, the company is on schedule to complete the environmental retrofits of its generation fleet on time and on budget. And its latest Integrated Resource Plan, released in 2014, does not envision the need for new power generation investment for the foreseeable future, a credit positive since it further supports the relative stability of NiSource's electric segment.

Notching Considerations

NiSource's operating subsidiary NIPSCO is rated one notch above NiSource to reflect its default probability and the structural seniority of its debt to substantially all of the parent guaranteed debt at NiSource Finance Corp. Bay State's debt is guaranteed by NiSource and consequently has the same rating as NiSource.

As shown in the methodology grid below, the grid indicates a rating of Baa1, which does not reflect the structural subordination that causes the actual parent rating to be Baa2. Ratings within the NiSource family are notched closely because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corp.

Liquidity Profile

NiSource's liquidity is adequate. NiSource maintains a $1.5 billion revolving credit facility due June 2020. The revolver backs its $1.5 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds by not requiring the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt-to-capitalization ratio of 70% which the company satisfies as of 31 March 2015, with a debt to capitalization ratio of 53.9%.

NiSource also maintains three separate accounts receivables securitization programs totaling $515 million at its LDCs ($275 million outstanding as of 31 March 2015). The programs are renewed annually.

As of 1 July 2015, NiSource is expected to have about $1.5 billion of available capacity under its revolver, no commercial paper outstanding and about $575 million of cash on hand from the special dividend the company received from CPG to take out NiSource's $230 million notes due November 2015, and $201 million of notes due March 2016.

Rating Outlook

The stable outlook reflects our expectation that NiSource's financial profile will decline modestly due to its planned corporate separation, but only temporarily. A debt to capitalization ratio of approximately 50% is expected as well as a decline in its cash flow to debt to the 12-13% range before slowly rising closer to the low-teens range towards the end of the decade. The stable outlook reflects and anticipates the completion of the corporate separation in line with the company's outlined timeline and terms, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed in a balanced manner. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, that together act to mitigate metrics that are weak for the rating.

What Could Change the Rating - Up

An upgrade could be considered if there was further improvement in the utility's regulatory environment or if there was a material and sustained increase in the company's credit metrics with cash flow to debt in the high teens and interest coverage in excess of 4.0x.

What Could Change the Rating - Down

The rating could be downgraded if there is a decline in the credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates, or if debt coverage and debt to capitalization remain below 12% or above 55%, respectively, on a sustained basis.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 3/31/2015		[3]Moody's 12-18 Month Forward ViewAs of 6/18/2015	
Factor 1 : Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A

b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.3x	Baa	3x - 4x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	16.3%	Baa	11% - 14%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	13.0%	Baa	9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	48.7%	A	50% - 55%	Baa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A3		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 3/31/2015(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

MOODY'S
INVESTORS SERVICE

Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: MOODY'S Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of MOODY'S Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.
MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Corporates
RAC Template

FitchRatings

Fitch Affirms NiSource; Revises Outlook to Positive

Fitch Ratings, New York City, 18 June 2015: Fitch Ratings has affirmed the 'BBB-' long-term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and its subsidiaries.

Fitch has also revised NI's Rating Outlook to Positive from Stable in anticipation of its separation from Columbia Pipeline Group (CPG, IDR 'BBB-'/Outlook Stable)) on July 1, 2015. After the separation, NI will become a fully regulated natural gas and electric utility holding company.

A complete list of rating actions is provided at the end of this release.

The affirmation and Positive Outlook reflect NI's lower operating risk as a fully regulated holding company in diversified and supportive service territories, better than expected improvement in forecasted credit metrics, and management's willingness to issue equity to preserve credit quality if needed. Although the leverage ratios will continue to be elevated in the intermediate term, the Positive Outlook embeds Fitch's expectation that adjusted debt to EBITDAR will improve to low to mid 4x range toward the end of a five-year forecast period. In its prior review in September 2014, Fitch had identified adjusted debt to EBITDAR threshold of 4.75x on a sustained basis for a positive rating action.

KEY RATING DRIVERS

Low Business Risk
NI's fully regulated business model will be considerably less risky, supported by stable cash flow and earnings from a geographically diverse mix of regulated gas and electric utilities in seven states. Currently, CPG represents approximately 30% of operating earnings. After the separation, gas and electric operations will represent 65% and 35%, respectively, of the operating income. Over time, Fitch expects gas operations will represent a greater share of the total earnings as the company invests more than twice as much capex in its gas utilities as it does in its electric utility. Fitch considers such a trend positive for NI's credit as the regulations governing the gas utilities are considered relatively more supportive and the gas utilities are not subject to the stringent environmental mandates.
Supportive Regulation
The ratings and Positive Outlook also consider the supportive regulatory framework that NI's utilities enjoy in their

respective jurisdictions. This is key for NI's creditworthiness in light of the aggressive gas system safety and modernization programs at the gas utilities and NIPSCO's environmental capex. Approximately, 75% of capex investment is expected to be recovered through trackers and rate structures with minimal lag and 65% of net revenue is not subject to volume fluctuations.

The gas utility operations have reduced cyclicality and earned stable cash flow through de-coupling mechanisms and trackers. All gas utilities have accelerated infrastructure trackers and energy efficiency programs. Most gas utilities have decoupling, straight fixed variable rates and/or weather normalization mechanisms.

NIPSCO's gas and electric operations are operating under seven-year plans that expire in November 2020. The capex totals $1.9 billion over 2013 to 2020 ($1.1 billion electric investments and $830 million gas investments) for replacement and maintenance of utility equipment, with approximately 75% recovery through semi-annual trackers and the remaining deferred for recovery under a general rate case. NIPSCO's approved environmental spending plan includes over $800 million for generating plant investment which is 100% recoverable through a tracker. NIPSCO's two MISO transmission projects enjoy FERC's forward looking rates and CWIP recovery.

High Leverage
NI's leverage will remain high relative to its peers primarily as a result of the legacy debt associated with the acquisition of Columbia Energy Group in November 2000. Additionally, NiSource is undertaking a significant capital expenditure program across the gas and electric segments ($1.4 billion combined annually) compared to $780 million in 2011 and $1 billion in 2012. Such a large program is expected to put pressure on the credit metrics in the intermediate term.

Weak Credit Metrics Expected to Improve
Fitch's most recent projection indicates that NI's debt to Operating EBITDAR will continue to be elevated through 2018 and decline to approximately 4.6 times (x) in 2019 and 4.3x in 2020. FFO adjusted leverage is expected decline from over 5x in 2016 to 4.7x in 2020 and FFO fixed charge coverage will improve from 3.5x to 3.8x. Fitch's projection incorporates 2014 bonus depreciation benefits and a reasonable amount of equity issuance. Beyond 2020, Fitch expects these metrics, particularly the debt to EBITDAR ratio to improve modestly as various capex programs complete in stages. The FFO metrics

could also benefit from the margin improvement partially offset by expiration of bonus depreciation.

Rating Linkages
NI and NIPSCO's ratings historically were and will continue to be closely linked due to the fact that NI finances substantially all of its utility operations through NIF with guarantee from NI. As of Dec. 31, 2014, NIPSCO had $95.5 million of medium term notes and $226 million of pollution control bonds outstanding issued through Jasper Co. Indiana. Columbia Gas of Massachusetts (aka Bay State Gas) had $40 million of notes outstanding (not rated by Fitch). All NI subsidiaries are expected to share a five-year $1.5 billion revolver at NIF that carries a 70% debt to cap financial covenant.

KEY ASSUMPTIONS
--Approximately $1.4 billion of capex annually from 2016 to 2020 ($400 million electric and approximately $1 billion gas);
--Reasonable amount of equity issuance;
--Dividend payout ratio approximately 60%;
--2014 bonus depreciation;
--Existing recovery mechanisms at the gas and electric utilities continue to take effect throughout the projection period.

RATING SENSITIVITIES
Positive: Future developments that may, individually or collectively, lead to a positive rating action include:
--Reduced regulatory risk with expanded revenue tracking or recovery mechanisms;
--Higher visibility for adjusted debt to EBITDAR to sustain below 4.75x.

Negative: Future developments that may, individually or collectively, lead to stabilization of the ratings at the current rating level include:
--Material adverse changes in the regulatory construct;
--Low probability to achieve adjusted debt to EBITDAR below 4.75x.

FULL LIST OF RATING ACTIONS

Fitch has affirmed the following ratings with a Positive Outlook:

NiSource Inc.

Corporates
RAC Template

FitchRatings

--IDR at 'BBB-';
--Short-term IDR at 'F3'.

NiSource Finance Corp.
--Senior unsecured at 'BBB-';
--Commercial paper at 'F3.

NiSource Capital Markets
--Senior unsecured at 'BBB-'.

Northern Indiana Public Service Co.
--IDR at 'BBB-';
--Senior unsecured and revenue bonds at 'BBB'.

Contact:

Primary Analyst
Julie Jiang
Director
+1-212-908-0708
Fitch Ratings, Inc.
33 Whitehall St.
New York, NY 10004

Secondary Analyst
Kathleen Connelly
Director
+1-212-908-0290

Committee Chairperson
Shalini Mahajan, CFA
Managing Director
+1-212-908-0351

Date of Relevant Rating Committee: June 17, 2015

Additional information is available on www.fitchratings.com

FitchRatings

Corporates

Utilities, Power & Gas / U.S.A.

NiSource, Inc.

And NiSource Finance Corp. and NiSource Capital Markets
Full Rating Report

Ratings

NiSource, Inc.

Long-Term IDR	BBB–
Short-Term IDR	F3

NiSource Finance Corp.

Senior Unsecured	BBB–
Commercial Paper	F3

NiSource Capital Markets, Inc.

Senior Unsecured	BBB–

IDR – Issuer Default Rating

Rating Outlook

Positive

Financial Data

NiSource, Inc.

($ Mil.)	2Q15	2014
Adjusted Revenue	6,134	6,471
Operating EBITDAR	1,823	1,859
CFFO	1,779	1,320
Total Adjusted Debt	9,577	10,091
Total Capitalization	16,941	16,175
Capex/ Depreciation (%)	3.4	3.4
FFO Fixed-Charge Coverage (x)	4.0	3.8
FFO-Adjusted Leverage (x)	4.6	5.1
Total Adjusted Debt/EBITDAR (x)	5.3	5.4

Related Research

Fitch Affirms NiSource; Revises Outlook to Positive (June 2015)

Analysts

Julie Jiang
+1 212 908-0708
julie.jiang@fitchratings.com

Kathleen Connelly
+1 212 908-0290
kathleen.connelly@fitchratings.com

Key Rating Drivers

Low Business Risks: NiSource, Inc.'s (NI) ratings reflect its lower operating risk as a fully regulated utility holding company after spinoff, with a geographically diverse mix of regulated gas and electric utilities in seven states. Other considerations include the long-term financial impact of aggressive gas system modernization programs and electric environmental capex, with a substantial portion of recoveries expected to be received through tracking mechanisms.

Positive Outlook: Although NI's leverage ratios will continue to be elevated in the intermediate term due to legacy debt and capex, reduced business risks could outweigh high leverage. The Positive Outlook also embeds Fitch Ratings' expectation that adjusted debt to EBITDAR will improve to the low- to mid-4x range toward the end of a five-year forecast period, through project completion and equity issuance.

Focus on Gas Investments: NI's gas and electric operations represent approximately 65% and 35% of the operating income, respectively. Fitch expects gas operations to account for a greater share of the total earnings as NI invests more than twice as much in its gas utilities as it does in its electric utility. Fitch views such a trend favorably, as the regulations governing the gas utilities are considered more supportive to credit and are not subject to stringent environmental mandates.

Large Capex: NI is undertaking a significant capex program — nearly $1.4 billion annually ($400 million electric and $1.0 billion gas), compared with $780 million in 2011 and $1 billion in 2012. Though Fitch views these rate base-accretive investments favorably, NI will need to issue debt and a small amount of equity, and its credit metrics could be pressured temporarily.

Pending Infrastructure Plan: The uncertainties surrounding Northern Indiana Public Service Company's (NIPSCO, BBB–/Positive) settlement of its infrastructure plan will not have material impact to NI's credit quality, in Fitch's view. The dispute focuses on the lack of definitive details of recoverable projects and does not reflect a change in regulatory supportiveness. The Indiana Utility Regulatory Commission (IURC) recently agreed to re-evaluate the settlement. Fitch believes the issue will be reasonably resolved and an updated plan will likely be filed after the recent rate case filing in October.

Rating Linkages: NI's and subsidiary NIPSCO's ratings and Outlooks are the same due to their close linkage. All utility operations depend on NI for financing needs and share a five-year $1.5 billion revolver at NiSource Finance (NIF).

Rating Sensitivities

Positive Rating Action: NI could be upgraded if there is high probability for adjusted debt to EBITDAR to sustain below 4.75x, through equity issuance, deleveraging, or reduced regulatory risks with expanded revenue tracking or recovery mechanisms.

Negative Rating Action: NI's Outlook could be revised to Stable without an upgrade if there is low probability to achieve adjusted debt to EBITDAR below 4.75x. NI's rating could be downgraded if material adverse changes in the regulatory construct occur and/or if debt to EBITDAR is above 5.5x on a sustained basis.

Financial Overview

Liquidity and Debt Structure

NI (through NIF) downsized its existing $2 billion revolving credit facility in December 2014 to $1.5 billion, effective at the completion of the spinoff of Columbia Pipeline Group on July 1, 2015. The amendment also extended its termination date to July 1, 2020, with two one-year extensions. The facility carries a 70% debt-to-capitalization financial covenant and includes limitations on liens and restrictions on asset sales. It is used to support NI's commercial paper program, letters of credit and for general corporate use. As of June 30, 2015, NI had no commercial paper outstanding and $30.9 million of stand-by letters of credit outstanding, $14.7 million of which was supported by the revolving credit facility.

The regulated utilities' liquidity is also supported by NI's accounts receivable securitization programs. NI had a total of $141.8 million of borrowings under the programs at June 30, 2015.

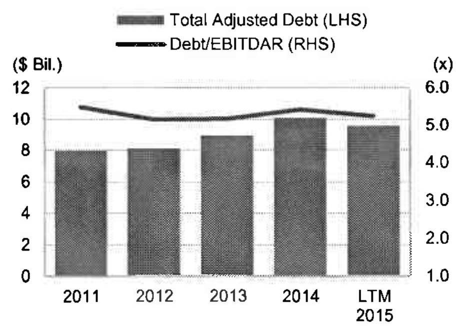
Debt Maturities and Liquidity

($ Mil., As of June 30, 2015)

2015	230
2016	422
2017	350
2018	476
Thereafter	4,980
Cash and Cash Equivalents	497
Undrawn Committed Facilities	2,124

Note: Debt maturities exclude Columbia Pipeline Group (CPG). Undrawn committed facilities include the accounts receivable securitization programs and exclude CPG credit facility.
Source: Company data, Fitch.

Total Debt and Leverage

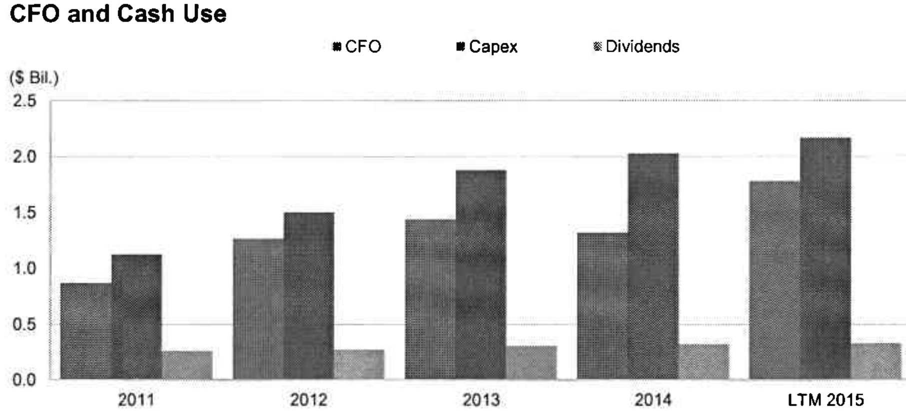


Source: Company data, Fitch.

Cash Flow Analysis

NI is undertaking a significant capex program across the gas and electric segments — nearly $1.4 billion combined annually ($400 million electric and $1.0 billion gas), compared with

CFO and Cash Use



Source: Company data, Fitch.

Related Criteria

Corporate Rating Methodology — Including Short-Term Ratings and Parent and Subsidiary Linkage (August 2015)

Parent and Subsidiary Rating Linkage (August 2015)

Recovery Ratings and Notching Criteria for Utilities (March 2015)

Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014)

$780 million in 2011 and $1 billion in 2012. The projects focus on system safety and modernization. An average of 75% of the capex is under pre-approved trackers or rate structure with little variability. Fitch views the ramp-up in these types of capex favorably, as they provide predictable and sustained earnings growth. However, they could temporarily pressure credit metrics. NI is expected to be cash flow negative throughout the 2015–2020 projection period — ranging from negative $400 million to $500 million — and will be largely financed by debt.

Peer and Sector Analysis

Peer Group

Issuer	Country
BBB+	
Dominion Resources, Inc.	U.S.
BBB	
CenterPoint Energy, Inc.	U.S.
BB+	
IPALCO Enterprises, Inc.	U.S.

Source: Fitch.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Sept. 30, 2015	BBB–	Positive
June 18, 2015	BBB–	Positive
April 24, 2015	BBB–	Stable
Sept. 29, 2014	BBB–	Stable
April 3, 2014	BBB–	Stable
Dec. 9, 2013	BBB–	Stable
Dec. 11, 2012	BBB–	Stable
Dec. 13, 2011	BBB–	Stable
Dec. 14, 2010	BBB–	Stable
Dec. 15, 2009	BBB–	Stable
Feb. 4, 2009	BBB–	Stable
May 14, 2008	BBB	Stable
July 10, 2007	BBB	Stable
March 31, 2006	BBB	Stable
Dec. 6, 2005	BBB	Stable
Sept. 21, 2005	BBB	Stable
June 30, 2003	BBB	Stable
Feb. 6, 2002	BBB	RWN
Dec. 6, 2001	BBB	Stable
Oct. 27, 2000	BBB+	Stable

LT IDR – Long-term Issuer Default Rating.
FC – Foreign currency.
RWN – Rating Watch Negative.
Source: Fitch.

Peer Group Analysis

($ Mil.)	NiSource Inc.	Dominion Resources, Inc.	CenterPoint Energy, Inc.	IPALCO Enterprises, Inc.
As of	6/30/15	6/30/15	6/30/15	6/30/15
IDR	BBB–	BBB+	BBB	BB+
Rating Outlook	Positive	Stable	Stable	Stable
Fundamental Ratios (x)				
Operating EBITDAR/(Gross Interest Expense + Rents)	3.5	4.8	4.4	3.4
FFO Fixed-Charge Coverage (x)	4.0	4.9	4.2	3.5
Total Adjusted Debt/Operating EBITDAR	5.3	5.3	3.9	5.3
FFO/Total Adjusted Debt (%)	22.0	19.5	24.6	19.7
FFO-Adjusted Leverage (x)	4.6	5.1	4.1	5.1
Common Dividend Payout (%)	78.7	73.1	70.7	130.4
Internal Cash/Capex (%)	67.2	53.6	67.4	36.9
Capex/Depreciation (%)	342.5	407.4	280.0	302.2
ROE (%)	6.7	16.7	13.2	22.9
Financial Information				
Revenue	6,134	12,149	8,110	1,277
Revenue Growth (%)	(2.7)	(7.0)	(9.6)	(1.6)
EBITDA	1,754	4,900	1,840	400
Operating EBITDA Margin (%)	26.5	40.5	31.5	26.7
FCF	(716)	(2,566)	(475)	(347)
Total Adjusted Debt with Equity Credit	9,577	26,574	7,237	2,125
Cash and Cash Equivalents	497	271	245	57
FFO	1,576	4,134	1,357	298
Capex	(2,167)	(5,532)	(1,459)	(550)

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Key Rating Issues

Low Business Risk Mitigates High Leverage

NI's leverage before the spinoff was high among both utility and pipeline peer groups, primarily due to legacy debt related to the acquisition of Columbia Energy Group in November 2000 and investments in the pipeline business. Considering the debt reduction associated with the spinoff, NI's leverage ratio will continue to be elevated. However, Fitch believes NI's fully regulated business model allows it to bear relatively weak credit metrics for the rating and Outlook. Fitch projects NI's debt to EBITDAR to reach 4.5x in 2019 and 4.2x in 2020 and to continue improving beyond 2020 as capex programs complete and margin improves. Fitch has incorporated a certain amount of equity issuance in its projections, and believes management is committed to its rating and will likely issue equity if needed.

Supportive Regulations Despite NIPSCO Plan Uncertainty

NI's ratings and Outlook benefit from a geographically diverse mix of regulated gas and electric utilities in seven states with relatively transparent and supportive regulations. Gas utilities in all seven states have accelerated infrastructure trackers or expedited rate treatments, bad debt trackers and energy-efficiency programs.

Columbia Gas of Ohio, NI's largest gas utility by rate base, has revenue decoupling and fully fixed residential rates. Columbia Gas of Pennsylvania, the second largest gas utility, has weather normalization and is allowed to recover infrastructure and other costs through frequent rate filings utilizing a forward test year. Pennsylvania's Act 11 allows a gas utility to file a Distribution Service Improvement Charge and rate case with a fully forecast test year. Management estimates 80% of the recovery in the gas segment — including NIPSCO's gas operations — bears no volume risks from customer usage or weather patterns, compared with approximately 20%–40% in 2007.

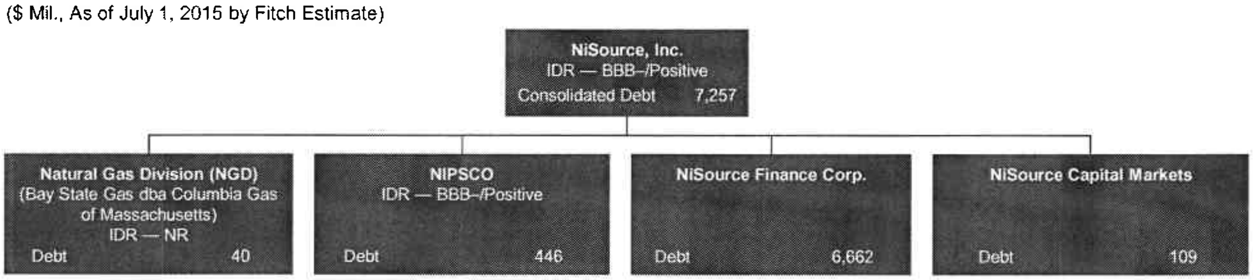
NIPSCO's electric operations in Indiana have also seen improving regulations. Indiana legislation allows cost recovery of federally mandated requirements, including modernization or environmental capex. NIPSCO owns and operates 2.5 gigawatts (GW) of coal generation plants, which will be fully scrubbed by the end of 2015 and comply with sulfur dioxide, nitrogen oxide and Mercury and Air Toxics Standards rules. Indiana Senate Bill 560 was signed into law in 2013, and allows forward test years and provides cost recovery outside of base rate proceedings for gas and electric utility investments. The law specifically relates to transmission, distribution and storage projects undertaken for the purpose of safety, reliability, system modernization or economic development.

NIPSCO also has Federal Energy Regulatory Commission-approved forward looking rates, including construction work in progress and recovery of any potential abandonment costs, and the allowed ROE is 12.38% for its two Midcontinent Independent System Operator transmission projects (approximately $450 million).

Fitch believes the uncertainties surrounding NIPSCO's settlement of its infrastructure plan will not have a material impact on NI's credit quality. The dispute centers on the technicality of the filing and does not reflect adverse changes in the regulatory framework. Fitch believes the final resolution of the issue, such as filing a new seven-year plan after the recent rate case filing, will be supportive to NI's credit profile. The IURC agreed to reconsider the settlement agreement in October 2015.

Organizational Structure

Organizational and Debt Structure — NiSource, Inc.
($ Mil., As of July 1, 2015 by Fitch Estimate)



IDR – Issuer Default Rating. NR – Not rated.
Source: Fitch estimates.

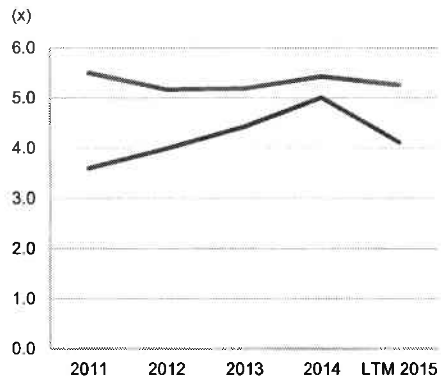
Key Metrics

Definitions

- Total Adjusted Debt/Op. EBITDAR: Total balance sheet adjusted for equity credit and off-balance sheet debt divided by operating EBITDAR.
- FFO Fixed-Charge Coverage: FFO plus gross interest minus interest received plus preferred dividends plus rental payments divided by gross interest plus preferred dividends plus rental payments.
- FFO-Adjusted Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.

Total Adjusted Debt/Operating EBITDAR

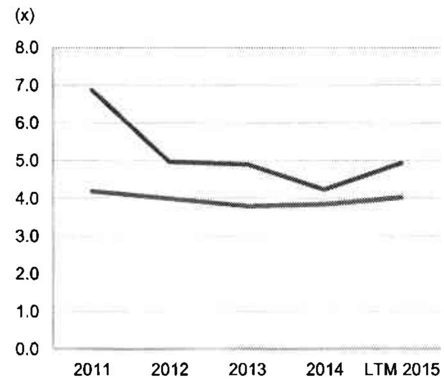
NiSource UPC Median



UPC – Utility parent company.
Source: Company data, Fitch.

FFO Fixed-Charge Coverage

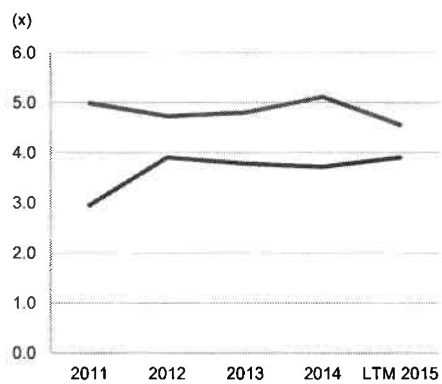
NiSource UPC Median



UPC – Utility parent company.
Source: Company data, Fitch.

FFO-Adjusted Leverage

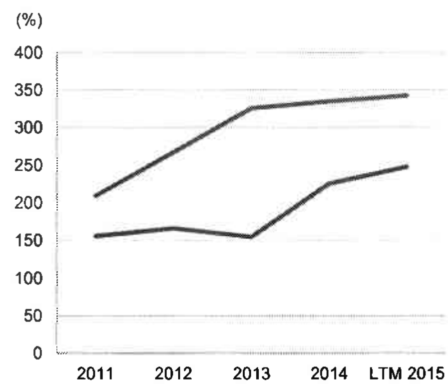
NiSource UPC Median



UPC – Utility parent company.
Source: Company data, Fitch.

Capex/Depreciation

NiSource UPC Median



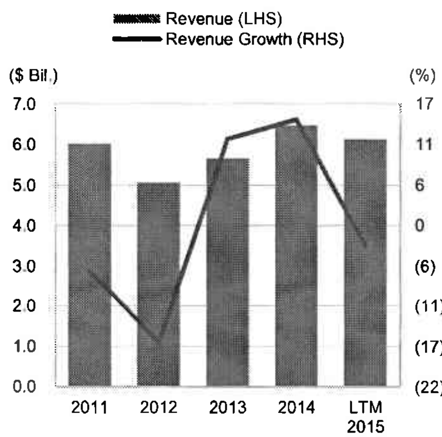
UPC – Utility parent company.
Source: Company data, Fitch.

Company Profile

NI is a utility holding company whose regulated subsidiaries provide natural gas and electricity to 4 million customers in Indiana, Ohio, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The rate bases of the gas and electric utilities were $5 billion and $3 billion, respectively, as of December 2014. The gas distribution segment accounts for approximately 65% of operating earnings and electric operations account for 35%. In 2014, 55% of NI's net revenue was derived from residential customers, 25% from commercial customers and 20% from industrial customers. NI's subsidiary NIPSCO has a total net generation capacity of 3.3 GW, 2.5 GW of which is from coal-fired generating plants.

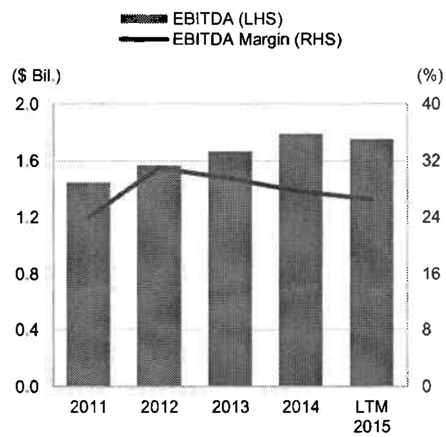
Business Trends

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Financial Summary — NiSource, Inc.

($ Mil., As of June 30, 2015; IDR: BBB–/Positive)	2011	2012	2013	2014	LTM 6/30/15
Fundamental Ratios					
Operating EBITDAR/(Gross Interest Expense + Rents) (x)	3.8	3.7	3.5	3.6	3.5
FFO Fixed-Charge Coverage (x)	4.2	4.0	3.8	3.8	4.0
Total Adjusted Debt/Operating EBITDAR (x)	5.5	5.2	5.2	5.4	5.3
FFO/Total Adjusted Debt (%)	20.0	21.2	20.9	19.6	22.0
FFO-Adjusted Leverage (x)	5.0	4.7	4.8	5.1	4.6
Common Dividend Payout (%)	86.3	65.6	57.5	60.6	78.7
Internal Cash/Capex (%)	54.4	66.2	60.2	49.2	67.2
Capex/Depreciation (%)	209.1	266.7	325.8	335.0	342.5
ROE (%)	6.0	7.9	9.3	8.8	6.7
Profitability					
Revenues	6,019	5,061	5,657	6,471	6,134
Revenue Growth (%)	(6.3)	(15.9)	11.8	14.4	(2.7)
Net Revenues	3,463	3,519	3,841	4,246	4,318
Operating and Maintenance Expense	1,722	1,663	1,874	2,136	2,237
Operating EBITDA	1,446	1,568	1,666	1,790	1,754
Operating EBITDAR	1,446	1,568	1,722	1,859	1,823
Depreciation and Amortization Expense	538	562	577	606	633
Operating EBIT	908	1,006	1,089	1,184	1,121
Gross Interest Expense	380	429	434	444	454
Net Income for Common	299	416	532	530	418
Operating Maintenance Expense % of Net Revenues	49.7	47.3	48.8	50.3	51.8
Operating EBIT % of Net Revenues	26.2	28.6	28.4	27.9	26.0
Cash Flow					
Cash Flow from Operations	870	1,265	1,437	1,320	1,779
Change in Working Capital	(344)	(20)	65	(141)	199
Funds from Operations	1,214	1,285	1,372	1,461	1,576
Dividends	(258)	(273)	(306)	(321)	(329)
Capex	(1,125)	(1,499)	(1,880)	(2,029)	(2,167)
FCF	**(513)**	**(507)**	**(749)**	**(1,030)**	**(716)**
Net Other Investment Cash Flow	(33)	48	(30)	(101)	(69)
Net Change in Debt	580	78	719	1,106	191
Net Equity Proceeds	21	374	36	20	1,175
Capital Structure					
Short-Term Debt	1,359	777	699	1,577	162
Total Long-Term Debt	6,594	7,326	8,135	8,423	9,324
Total Debt with Equity Credit	**7,953**	**8,103**	**8,834**	**9,999**	**9,486**
Total Adjusted Debt with Equity Credit	7,953	8,103	8,926	10,091	9,577
Total Hybrid Equity and Minority Interest	—	—	—	—	950
Total Common Shareholders' Equity	4,997	5,554	5,886	6,175	6,506
Total Capital	**12,950**	**13,657**	**14,720**	**16,175**	**16,941**
Total Debt/Total Capital (%)	61.4	59.3	60.0	61.8	56.0
Total Hybrid Equity and Minority Interest/Total Capital (%)	—	—	—	—	5.6
Common Equity/Total Capital (%)	38.6	40.7	40.0	38.2	38.4

IDR – Issuer Default Rating. Note: Data includes Columbia Pipeline Group.
Source: Company data, Fitch.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-005:

Please provide a work paper showing the derivation of the Company's current AFUDC rate.

Response:

Attached as Attachment A is the NiSource Inc. notification to Columbia Gas of Pennsylvania, Inc. on the applicable Allowance for Funds Used During Construction (AFUDC) for 2015. CPA utilizes the NiSource rate, which is 6.54%.

Attached as Attachment B is the worksheet showing the computation of the current AFUDC rate of 6.54%.

NiSource
Delivering life's essential resources

December 1, 2015
No. 2015-66

From: J. Mulpas

To: J. Wozniak R. Plantz J. Gore

CC:
D. Beil, C. Berberich, M. Bishop, K. Blissmer, N. Bly, A. Camp, C.Carey-Vickerstaff, K. Cartella, M. Casey, J. Chute, C. Delany, S. Diener, N. Drew,
B. Noel, J. Perez, J. Eing, D. Frank, J. Gambone, M. Garber, B. Golding, M. Grady, M. Hanson, T. Harmon, A. Hemmelgarn, J. Holtzmuller, K. Isley, T. Jakubowski,
J. Jones, T. Keefe, E. Kendall, D. King, M. Lauer, N. Maynard, M. McCuen, M. McLindon, C. Menz, E. Messick, C. Misirly, T. Napiwocki, J. Nchunda,
C.Piper-Del Sangro, E. Postma, C. Rider, T. Robins, R. Rudenga, M. Ruth, J. Sawyers, E. Scardon, S. Schmal, D. Schmelzer, J. Shikany, N. Shultz,
J. Siegle, J. Silcott, G. Slone, C. Smolinski, K. Sollie, C. Tamms, B. Vangen, A. Weis-Neal, J. Wilkerson, L. Moore, M. Yoder, A. Zientara

2015 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the updated AFUDC rates to be used for 2015 shown alongside the rates last published in Controller's Letter 2015-23 (issued June 2015). Interim rates are published to capture significant rate trends prior to year-end. For the rates that changed, please record a cumulative adjustment from January 1, 2015 in order to reflect the changes.

	Using 12 Months Ended April 30, 2015			Using 12 Months Ended October 31, 2015		
	Borrowed	Equity	Total	Borrowed	Equity	Total
	(A/C 700310000)	(A/C 703124000)		(A/C 700310000)	(A/C 703124000)	
NIPSCO (Gas)	2.30%	5.74%	7.87%	2.34%	5.72%	8.06% (1)
NIPSCO (Electric)	2.30%	5.74%	8.04%	2.33%	5.86%	8.19%
CMA	0.81%	0.41%	1.22%	1.68%	4.21%	5.89% (1)
CMD	7.528%	0.00%	7.528%	7.528%	0.00%	7.528%
CGV	3.597%	4.327%	7.924%	3.247%	4.102%	7.349% (2)
CKY	2.73%	5.32%	8.05%	2.72%	5.31%	8.03%
COH	0.71%	0.00%	0.71%	0.73%	0.00%	0.73%
CPA	1.52%	2.20%	3.72%	2.22%	4.32%	6.54% (3)

(1) The NIPSCO Gas and CMA AFUDC Debt and Equity rates increased from the prior period due to a decrease in the average short-term debt balance relative to average CWIP.

(2) The CGV AFUDC Debt and Equity rates decreased from the prior period as prescribed in the recently completed rate proceeding.

(3) The CPA AFUDC Debt and Equity rates increased from the prior period due to a decrease in the average short-term debt balance relative to average CWIP, offset by an increase in the cost of common equity as authorized in the recently completed rate proceeding.

NiSource
Delivering life's essential resources

Notes on certain key components of the AFUDC Rate calculation:

ST Debt Interest Rate: Generally, an increase in the ST Debt Interest Rate will increase the AFUDC-Borrowed Rate and have no impact on the AFUDC-Equity Rate. Operating company rates are based on the consolidated rate. The ST Debt Interest Rate is based on Money Pool Borrowings.

Ratio of Average ST Debt to Average CWIP (S/W Ratio): An increase in the S/W Ratio will decrease both the AFUDC-Borrowed Rate and AFUDC-Equity Rate, as the AFUDC formula assumes that ST borrowings are used first for construction before costs of LT debt and equity are factored in. Average ST Debt is based on Money Pool Borrowings. In the event average ST borrowings exceed the average CWIP balance for the period, the AFUDC-Equity Rate will be zero, and the AFUDC-Borrowed Rate will equal the ST borrowing rate.

Cost of Equity Rate: An increase in the Cost of Equity Rate will increase the AFUDC-Equity Rate and have no impact on the AFUDC-Borrowed Rate. The Cost of Equity Rate is based on regulatory filings and is a weighted average rate at the NiSource Consolidated level.

Attached are schedules showing the computation of the 2015 AFUDC rates.

If you have any questions regarding the AFUDC calculations, please contact Jason Silcott at (614) 460-4834.

AFUDC Rates Calculation
10/31/2015

AFUDC Rates	
	CPA037
AFUDC Debt	2.22%
AFUDC Equity	4.32%
Total AFUDC	6.54%

AFUDC Debt = s(S/W)+d(D/(D+P+C)*(1-S/W)	:UDC Formula Inpu
AFUDC Equity = (1-S/W)*[(p(P/(D+P+C))*+c(C/(D+P+C))]	
	CPA037
D - LTD	441,390,000
d - LTD Interest Rate (see Note E)	5.75%
P - Preferred Stock (see Note F)	-
p - Preferred Stock Cost Rate (see Note F)	0.00%
C - Common Equity	538,529,656
c - Common Equity Cost Rate (see Note A)	9.97%
s - ST Debt Interest Rate	0.84%
S - Average ST Debt	6,393,312
W - Average CWIP	30,340,619
STD/AVG CWIP	21.07%

CWIP - Ending Balance		
100129000		CPA037
2014	Oct	30,152,752
2014	Nov	19,464,689
2014	Dec	15,335,048
2015	Jan	24,896,448
2015	Feb	28,012,713
2015	Mar	32,728,851
2015	Apr	40,199,163
2015	May	33,626,371
2015	Jun	36,499,380
2015	Jul	37,785,006
2015	Aug	33,837,818
2015	Sep	31,051,854
2015	Oct	31,147,434
Average CWIP Ending Balance		30,364,425

CWIP - Average Monthly Balance		
		CPA037
2014	Nov	24,808,721
2014	Dec	17,399,869
2015	Jan	20,115,748
2015	Feb	26,454,581
2015	Mar	30,370,782
2015	Apr	36,464,007
2015	May	36,912,767
2015	Jun	35,062,875
2015	Jul	37,142,193
2015	Aug	35,811,412
2015	Sep	32,444,836
2015	Oct	31,099,644
TTM Average CWIP Balance		30,340,619

Interest Expense - Money Pool

700102000		CPA037
2014	Nov	70,002
2014	Dec	78,345
2015	Jan	58,734
2015	Feb	7,815
2015	Mar	-
2015	Apr	-
2015	May	-
2015	Jun	-
2015	Jul	-
2015	Aug	114
2015	Sep	744
2015	Oct	-
TTM MP Interest Expense		215,754

Average Daily Balance of Short-term Borrowings (Money Pool)

		CPA037	Monthly MP Rate
2014	Nov	119,514,092	0.06%
2014	Dec	113,216,417	0.07%
2015	Jan	63,212,447	0.09%
2015	Feb	9,870,140	0.08%
2015	Mar	-	0.06%
2015	Apr	-	0.06%
2015	May	-	0.27%
2015	Jun	-	0.02%
2015	Jul	-	0.02%
2015	Aug	635,974	0.02%
2015	Sep	3,889,289	0.02%
2015	Oct	-	0.02%
TTM Avg. ST Borrowings		25,861,530	

Short-term Borrowings Used for AFUDC Calculation

		CPA037
2014	Nov	24,808,721
2014	Dec	17,399,869
2015	Jan	20,115,748
2015	Feb	9,870,140
2015	Mar	-
2015	Apr	-
2015	May	-
2015	Jun	-
2015	Jul	-
2015	Aug	635,974
2015	Sep	3,889,289
2015	Oct	-
TTM Avg. ST Borrowings for AFUDC		6,393,312

Interest Expense on ST Borrowings for AFUDC

		CPA037
2014	Nov	14,531
2014	Dec	12,041
2015	Jan	18,691
2015	Feb	7,815
2015	Mar	-
2015	Apr	-
2015	May	-
2015	Jun	-
2015	Jul	-
2015	Aug	114
2015	Sep	744
2015	Oct	-
TTM MP Interest Expense for AFUDC		53,935

Long-term Debt / Preferred Stock / Common Equity

2014	Dec	CPA037
201299000	Long Term Debt (incl. Capital Leases)	403,310,325
300199000	Current Portion of Long Term Debt	47,531,710
300201233	Short-term Debt I/C (Note L)	-
300129000	Less: Capital Leases in Current LTD	181,710
201230225	Less: Unamortized Premium	-
201235226	Less: Unamortized Discount	-
201240000	Less: Interest Rate Swaps	-
201249000	Less: Capital Leases in LTD	9,270,325
Long-term Debt		441,390,000
201099000	Preferred Stock	-
200999000	Common Equity	538,529,656