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DELTA REPORT

10-Q

NISOURCE INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 1955

■ CHANGES	241
■ DELETIONS	765
■ ADDITIONS	949

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, 2023** **March 31, 2024**

or

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

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

DE

35-2108964

(State or other jurisdiction of
incorporation or organization)

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

801 East 86th Avenue
Merrillville, IN

46410

(Address of principal executive offices)

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

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

Common Stock, par value \$0.01 per share

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

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer Emerging growth company Non-accelerated filer Smaller reporting company

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

Indicate by check mark whether the registrant 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: **413,415,441** **448,305,338** shares outstanding at **October 24, 2023** **April 30, 2024**.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 MARCH 31, 2024

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DEFINED TERMS

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

NiSource Subsidiaries and Affiliates (not exhaustive)

Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NIPSCO Holdings I	NIPSCO Holdings I LLC
NIPSCO Holdings II	NIPSCO Holdings II LLC
NiSource ("we," "us" or "our")	NiSource Inc.
Rosewater	Rosewater Wind Generation LLC and its wholly owned subsidiary, Rosewater Wind Farm LLC
Indiana Crossroads Wind	Indiana Crossroads Wind Generation LLC and its wholly owned subsidiary, Indiana Crossroads Wind Farm LLC
Indiana Crossroads Solar	Indiana Crossroads Solar Generation LLC and its wholly owned subsidiary, Meadow Lake Solar Park LLC
Dunns Bridge I	Dunns Dunn's Bridge I Solar Generation LLC and its wholly owned subsidiary, Dunns Bridge Solar Center, LLC
Dunns Bridge II	Dunns Dunn's Bridge II Solar Generation LLC
Gibson	Gibson Solar Generation LLC
Fairbanks	Fairbanks Solar Generation LLC
Cavalry	Cavalry Solar Generation LLC

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BIP	BIP Blue Buyer L.L.C.
Blackstone	Blackstone Infrastructure Partners L.P.
BTA	Build-transfer agreement
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
Columbia Operations	Reportable segment comprised of the results of Columbia Gas distribution companies and all related subsidiaries
Corporate Units	Series A Corporate Units
DSM	Demand Side Management
EGUs	Electric Utility Generating Units
EPA	United States Environmental Protection Agency
EPS	Earnings per share
Equity Units	Series A Equity Units
FAC	Fuel adjustment clause

DEFINED TERMS

FASB	Financial Accounting Standards Board
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DEFINED TERMS

FERC	Federal Energy Regulatory
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	Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GHG	Greenhouse gases
GWh	Gigawatt hours
IRA	Inflation Reduction Act of 2022
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
JV	Joint Venture
LIFO	Last In, First Out
LIHEAP	Low Income Heating Energy Assistance Program
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NIPSCO Electric	The electric generation and transmission activities of the NIPSCO Operations reportable segment
NIPSCO Gas	The gas distribution activities of the NIPSCO Operations reportable segment
NIPSCO Minority Interest Transaction	A transaction between NiSource, NIPSCO Holdings II (sole owner of NIPSCO) and an affiliate of Blackstone pursuant to a

		purchase and sale agreement entered into on June 17, 2023, that offered equity interests in NIPSCO Holdings II in exchange for capital contributions by the parties.
NIPSCO Operations		Reportable segment comprised of the results of NIPSCO Holdings I, NIPSCO Holdings II, and NIPSCO and all related subsidiaries
NYMEX		New York Mercantile Exchange
OPEB		Other Postemployment Benefits
PHMSA		Pipeline and Hazardous Materials Safety Administration
PPA		Power Purchase Agreement
RNG		Renewable Natural Gas
SAVE		Steps to Advance Virginia's Energy Plan
Scope 1 GHG Emissions		Direct emissions from sources owned or controlled by us (e.g., emissions from our combustion of fuel, vehicles, and process emissions and fugitive emissions)
Scope 2 GHG Emissions		Indirect emissions from sources owned or controlled by us
SEC		Securities and Exchange Commission
SMRP		Safety Modification and Replacement Program
SMS		Safety Management

TCJA	System An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VIE	Variable Interest Entity
WAM	Work and Asset Management

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to,

statements regarding the ability to complete the NIPSCO Minority Equity Interest Sale (as defined below) on the anticipated timeline or at all; statements regarding the anticipated benefits of the NIPSCO Minority Equity Interest Sale if completed; statements regarding the projected impact of the NIPSCO Minority Equity Interest Sales on our performance or opportunities; any statements regarding our expectations, beliefs, plans, objectives or prospects or future performance or financial condition as a result of or in connection with the NIPSCO Minority Equity Interest Sale; statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. 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. Expressions of future goals and expectations and similar expressions, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," reflecting something other than historical fact are intended to identify forward-looking statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, but are not limited to, risks and uncertainties relating to the timing and certainty of closing the NIPSCO Minority Equity Interest Sale; the ability to satisfy the conditions to closing the NIPSCO Minority Equity Interest Sale; the ability to achieve the anticipated benefits of the NIPSCO Minority Equity Interest Sale; the effects of transaction costs; the effects of the NIPSCO Minority Equity Interest Sale on industry, market, economic, political or regulatory conditions outside of NiSource's control; any disruption to NiSource's business from the NIPSCO Minority Equity Interest Sale, including the diversion of management time on NIPSCO Minority Equity Interest Sale-related issues; among other things:

- our ability to execute our business plan or growth strategy, including utility infrastructure investments;
- potential incidents and other operating risks associated with our business;
- our ability to work successfully with our third-party investors;
- our ability to adapt to, and manage costs related to, advances in or failures of technology, including alternative energy sources and changes in laws and regulations;
- our increased dependency on technology;
- impacts related to our aging infrastructure;
- our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses;
- the success of our electric generation strategy;
- construction risks and natural gas costs and supply risks;
- fluctuations in demand from residential and commercial customers;
- fluctuations in the price of energy commodities and related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands; the attraction and retention of demand;
- our ability to attract, retain or re-skill a qualified, diverse workforce and ability to maintain good labor relations;
- our ability to manage new initiatives and organizational changes;
- the actions of activist stockholders;
- the performance and quality of third-party suppliers and service providers;

- potential cybersecurity attacks; attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- any damage to our reputation; any remaining liabilities or impact related to the sale of the Massachusetts Business;
- the impacts of natural disasters, potential terrorist attacks or other catastrophic events;
- the physical impacts of climate change and the transition to a lower carbon future;
- our ability to manage the financial and operational risks related to achieving our carbon emission reduction goals, including our Net-Zero Net Zero Goal (as defined below);
- our debt obligations;
- any changes to our credit rating or the credit rating of certain of our subsidiaries; any adverse effects related to our equity units;
- adverse economic and capital market conditions, or including increases in inflation or interest rates; inflation; recessions; rates, recession, or changes in investor sentiment;
- economic regulation and the impact of regulatory rate reviews;
- our ability to obtain expected financial or regulatory outcomes; continuing and potential future impacts from the COVID-19 pandemic;
- economic conditions in certain industries;
- the reliability of customers and suppliers to fulfill their payment and contractual obligations;
- the ability of our subsidiaries to generate cash;
- pension funding obligations;
- potential impairments of goodwill;
- the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; potential remaining liabilities related to the Greater Lawrence Incident;
- compliance with changes in, or new interpretations of applicable laws, regulations and tariffs;
- the cost of compliance with environmental laws and regulations and the costs of associated liabilities;
- changes in taxation; tax laws or the interpretation thereof;
- and other matters set forth in the Item 1, "Business," Item 1A, "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023, many Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this report, some of which risks are beyond our control.

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

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

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.

Condensed Statements of Consolidated Income (unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended		Nine Months Ended	
	September 30,	2023	September 30,	2023
Operating Revenues				
Customer revenues	\$ 1,002.6	\$ 1,058.2	\$ 3,965.9	\$ 4,055.0
Other revenues	24.8	31.3	117.5	91.0
Total Operating Revenues	1,027.4	1,089.5	4,083.4	4,146.0
Operating Expenses				
Cost of energy	181.3	330.8	1,198.3	1,421.2
Operation and maintenance	341.2	347.9	1,101.9	1,124.1
Depreciation and amortization	210.9	203.2	650.9	604.6
Gain on sale of assets, net	(0.2)	(0.3)	(0.5)	(105.3)
Other taxes	61.2	51.2	199.9	201.1
Total Operating Expenses	794.4	932.8	3,150.5	3,245.7

Operating Income	233.0	156.7	932.9	900.3
Other Income (Deductions)				
Interest expense, net	(129.2)	(91.6)	(348.6)	(259.8)
Other, net	(1.6)	10.1	1.9	30.0
Total Other Deductions, Net	(130.8)	(81.5)	(346.7)	(229.8)
Income before Income Taxes	102.2	75.2	586.2	670.5
Income Taxes	3.8	11.7	103.7	119.9
Net Income	98.4	63.5	482.5	550.6
Net income (loss) attributable to noncontrolling interest	13.3	(2.3)	5.6	(9.0)
Net Income Attributable to NiSource	85.1	65.8	476.9	559.6
Preferred dividends	(8.1)	(13.8)	(34.6)	(41.4)
Preferred redemption premium	—	—	(6.2)	—
Net Income Available to Common Shareholders	77.0	52.0	436.1	518.2
Earnings Per Share				
Basic Earnings Per Share ⁽¹⁾	\$ 0.19	\$ 0.13	\$ 1.05	\$ 1.28
Diluted Earnings Per Share	\$ 0.17	\$ 0.12	\$ 0.98	\$ 1.18
Basic Average Common Shares Outstanding	413.5	406.5	413.2	406.3
Diluted Average Common Shares	448.3	443.4	447.4	441.7

⁽¹⁾ Basic Earnings Per Share includes the incremental impact of participating securities under the Two-Class Method. See Note 4, "Earnings Per Share," for additional information.

	Three Months Ended March 31,	
<i>(In millions, except per share amounts)</i>	2024	2023
Operating Revenues		
Customer revenues	\$ 1,643.0	\$ 1,896.1
Other revenues	63.3	69.9
Total Operating Revenues	1,706.3	1,966.0
Operating Expenses		
Cost of energy	425.0	765.1
Operation and maintenance	378.4	391.2
Depreciation and amortization	242.1	206.9
Other taxes	77.4	71.8
Total Operating Expenses	1,122.9	1,435.0
Operating Income	583.4	531.0
Other Income (Deductions)		
Interest expense, net	(116.3)	(108.9)
Other, net	9.2	1.5
Total Other Deductions, Net	(107.1)	(107.4)
Income before Income Taxes	476.3	423.6
Income Taxes	76.0	85.8
Net Income	400.3	337.8
Net income (loss) attributable to noncontrolling interest	35.3	4.8
Net Income Attributable to NiSource	365.0	333.0
Preferred dividends	(6.7)	(13.8)
Preferred redemption premium	(14.0)	—
Net Income Available to Common Shareholders	344.3	319.2
Earnings Per Share		
Basic Earnings Per Share	\$ 0.77	\$ 0.77
Diluted Earnings Per Share	\$ 0.77	\$ 0.71
Basic Average Common Shares Outstanding	447.9	412.8
Diluted Average Common Shares	449.4	447.1

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Comprehensive Income (unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, net of taxes)	(in millions, net of taxes)	2023	2022	2023	2022
(in millions, net of taxes)					
(in millions, net of taxes)					
Net Income					
Net Income					
Net Income	Net Income	\$ 98.4	\$ 63.5	\$ 482.5	\$ 550.6
Other comprehensive income:	Other comprehensive income:				
Other comprehensive income:					
Net unrealized loss on available-for-sale debt securities ⁽¹⁾					
Net unrealized loss on available-for-sale debt securities ⁽¹⁾	Net unrealized loss on available-for-sale debt securities ⁽¹⁾	(1.7)	(4.5)	(0.9)	(14.1)
Reclassification adjustment for cash flow hedges ⁽²⁾	Reclassification adjustment for cash flow hedges ⁽²⁾	(0.1)	16.2	(0.2)	119.2
Reclassification adjustment for cash flow hedges ⁽²⁾					
Reclassification adjustment for cash flow hedges ⁽²⁾					
Unrecognized pension and OPEB benefit (costs)					
(3)	Unrecognized pension and OPEB benefit (costs)				
Unrecognized pension and OPEB benefit (costs)	Unrecognized pension and OPEB benefit (costs)	0.7	0.6	1.3	(1.8)
Total other comprehensive income (loss)	Total other comprehensive income (loss)	(1.1)	12.3	0.2	103.3
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Comprehensive Income					
Comprehensive Income					
Comprehensive Income	Comprehensive Income	\$ 97.3	\$ 75.8	\$ 482.7	\$ 653.9

⁽¹⁾Net unrealized loss on available-for-sale debt securities, net of \$0.4 million \$0.1 million tax benefit and \$1.1 million \$0.5 million tax benefit expense in the third first quarter of 2023 2024 and 2022, respectively, and \$0.2 million of tax benefit and \$3.7 million tax benefit for the nine months ended 2023, and 2022, respectively.

⁽²⁾Reclassification adjustment for cash flow hedges, net of \$0.0 million tax expense benefit and \$5.3 million \$0.1 million tax expense benefit in the third first quarter of 2023 2024 and 2022, respectively, and \$0.1 million of tax benefit and \$39.4 million tax expense for the nine months ended 2023, and 2022, respectively.

⁽³⁾Unrecognized pension and OPEB benefit (costs), net of \$0.3 million \$0.1 million of tax expense and \$0.2 million \$0.1 million tax expense in the third first quarter of 2023 2024 and 2022, respectively, and \$0.5 million of tax expense and \$0.6 million tax benefit for the nine months ended 2023, and 2022, respectively.

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Consolidated Balance Sheets (unaudited)

		September 30, 2023	December 31, 2022		March 31, 2024	
(in millions)	(in millions)			(in millions)		December 31, 2023
ASSETS	ASSETS					
Property, Plant and Equipment	Property, Plant and Equipment					
Property, Plant and Equipment						
Property, Plant and Equipment						
Plant						
Plant						
Plant	Plant	\$ 29,816.1	\$27,551.3			
Accumulated depreciation and amortization	Accumulated depreciation and amortization					
	(8,104.1)		(7,708.7)			
Net Property, Plant and Equipment ⁽¹⁾	Net Property, Plant and Equipment ⁽¹⁾	21,712.0	19,842.6			
Net Property, Plant and Equipment ⁽¹⁾						
Net Property, Plant and Equipment ⁽¹⁾						
Investments and Other Assets	Investments and Other Assets					
Unconsolidated affiliates	Unconsolidated affiliates	5.2	1.6			
Available-for-sale debt securities (amortized cost of \$178.2 and \$166.7, allowance for credit losses of \$0.9 and \$0.9, respectively)		161.9	151.6			
Unconsolidated affiliates						
Unconsolidated affiliates						
Available-for- sale debt securities (amortized cost of \$160.2 and \$169.0, allowance for credit losses of \$0.4 and \$0.6, respectively)						
Other investments	Other investments	76.4	71.0			
Total Investments and Other Assets	Total Investments and Other Assets	243.5	224.2			
Current Assets	Current Assets					
Cash and cash equivalents						

Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	56.0	40.8
Restricted cash	Restricted cash	50.6	34.6
Accounts receivable	Accounts receivable	585.1	1,065.8
Allowance for credit losses	Allowance for credit losses	(15.5)	(23.9)
Accounts receivable, net	Accounts receivable, net	569.6	1,041.9
Gas inventory		297.8	531.7
Gas storage			
Materials and supplies, at average cost	Materials and supplies, at average cost	183.7	151.4
Electric production fuel, at average cost	Electric production fuel, at average cost	60.0	68.8
Exchange gas receivable	Exchange gas receivable	37.8	128.1
Regulatory assets	Regulatory assets	217.8	233.2
Regulatory assets			
Regulatory assets			
Deposits to renewable generation asset developer			
Deposits to renewable generation asset developer			
Deposits to renewable generation asset developer	Deposits to renewable generation asset developer	179.5	143.8
Prepayments and other	Prepayments and other	162.6	210.0
Total Current Assets ⁽¹⁾	Total Current Assets ⁽¹⁾	1,815.4	2,584.3
Other Assets			
Regulatory assets	Regulatory assets	2,277.5	2,347.6
Regulatory assets			
Regulatory assets			
Goodwill	Goodwill	1,485.9	1,485.9
Deferred charges and other	Deferred charges and other	293.9	252.0
Deferred charges and other			
Deferred charges and other			
Total Other Assets	Total Other Assets	4,057.3	4,085.5
Total Assets	Total Assets	\$ 27,828.2	\$ 26,736.6

⁽¹⁾Includes \$1,338.6 \$1,358.2 million and \$978.5 \$1,369.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, of net property, plant and equipment assets and \$65.5 \$60.8 million and \$25.7 and \$63.6 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 11, "Variable Interest Entities," 4, "Noncontrolling Interests," for additional information.

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	(in millions, except share amounts)	September 30, 2023	December 31, 2022
<i>(in millions, except share amounts)</i>			
<i>(in millions, except share amounts)</i>			
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION AND LIABILITIES	CAPITALIZATION AND LIABILITIES		
Capitalization	Capitalization		
Capitalization			
Capitalization			
Stockholders' Equity	Stockholders' Equity		
Common stock - \$0.01 par value, 600,000,000 shares authorized; 413,324,607 and 412,142,602 shares outstanding, respectively	\$ 4.2	\$ 4.2	
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 902,500 and 1,302,500 shares outstanding, respectively	1,152.6	1,546.5	
Stockholders' Equity			
Stockholders' Equity			
Common stock - \$0.01 par value, 750,000,000 shares authorized; 448,197,604 and 447,381,671 shares outstanding, respectively			
Common stock - \$0.01 par value, 750,000,000 shares authorized; 448,197,604 and 447,381,671 shares outstanding, respectively			
Common stock - \$0.01 par value, 750,000,000 shares authorized; 448,197,604 and 447,381,671 shares outstanding, respectively			
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 0 and 40,000 shares outstanding, respectively			
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 0 and 40,000 shares outstanding, respectively			
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 0 and 40,000 shares outstanding, respectively			
Treasury stock			
Treasury stock			
Treasury stock	Treasury stock	(99.9)	(99.9)
Additional paid-in capital	Additional paid-in capital	7,393.0	7,375.3
Additional paid-in capital			
Additional paid-in capital			
Retained deficit			
Retained deficit			
Retained deficit	Retained deficit	(1,200.6)	(1,213.6)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(36.9)	(37.1)
Accumulated other comprehensive loss			
Accumulated other comprehensive loss			
Total NiSource Stockholders' Equity			

Total NiSource Stockholders' Equity			
Total NiSource Stockholders' Equity	Total NiSource Stockholders' Equity	7,212.4	7,575.4
Noncontrolling interest in consolidated subsidiaries	Noncontrolling interest in consolidated subsidiaries	556.9	326.4
Total Equity		7,769.3	7,901.8
Noncontrolling interest in consolidated subsidiaries			
Noncontrolling interest in consolidated subsidiaries			
Total Stockholders' Equity			
Total Stockholders' Equity			
Long-term debt, excluding amounts due within one year			
Long-term debt, excluding amounts due within one year			
Long-term debt, excluding amounts due within one year	Long-term debt, excluding amounts due within one year	11,011.3	9,523.6
Total Capitalization	Total Capitalization	18,780.6	17,425.4
Total Capitalization			
Total Capitalization			
Current Liabilities			
Current Liabilities			
Current Liabilities	Current Liabilities		
Current portion of long-term debt	Current portion of long-term debt	26.8	30.0
Current portion of long-term debt			
Current portion of long-term debt			
Short-term borrowings			
Short-term borrowings			
Short-term borrowings	Short-term borrowings	2,219.9	1,761.9
Accounts payable	Accounts payable	648.2	899.5
Accounts payable			
Accounts payable			
Dividends payable - common stock	Dividends payable - common stock	103.8	—
Dividends payable - preferred stock		8.1	—
Dividends payable - common stock			
Dividends payable - common stock			
Customer deposits and credits			
Customer deposits and credits			
Customer deposits and credits	Customer deposits and credits	286.6	324.7
Taxes accrued	Taxes accrued	176.1	246.2
Taxes accrued			
Taxes accrued			
Interest accrued			
Interest accrued			
Interest accrued	Interest accrued	150.4	138.4
Exchange gas payable	Exchange gas payable	44.1	147.6
Exchange gas payable			
Exchange gas payable			
Regulatory liabilities			
Regulatory liabilities			
Regulatory liabilities	Regulatory liabilities	320.2	236.8

Asset retirement obligations	Asset retirement obligations	57.1	35.5
Asset retirement obligations			
Asset retirement obligations			
Accrued compensation and employee benefits			
Accrued compensation and employee benefits			
Accrued compensation and employee benefits	Accrued compensation and employee benefits	183.3	167.5
Obligations to renewable generation asset developer		—	347.2
Other accruals			
Other accruals			
Other accruals	Other accruals	170.8	325.2
Total Current Liabilities ⁽¹⁾	Total Current Liabilities ⁽¹⁾	4,395.4	4,660.5
Total Current Liabilities ⁽¹⁾			
Total Current Liabilities ⁽¹⁾			
Other Liabilities	Other Liabilities		
Other Liabilities			
Other Liabilities			
Deferred income taxes			
Deferred income taxes			
Deferred income taxes	Deferred income taxes	2,011.4	1,854.5
Accrued liability for postretirement and postemployment benefits	Accrued liability for postretirement and postemployment benefits	236.0	245.5
Accrued liability for postretirement and postemployment benefits			
Accrued liability for postretirement and postemployment benefits			
Regulatory liabilities			
Regulatory liabilities			
Regulatory liabilities	Regulatory liabilities	1,643.5	1,775.8
Asset retirement obligations	Asset retirement obligations	469.8	478.1
Asset retirement obligations			
Asset retirement obligations			
Other noncurrent liabilities and deferred credits			
Other noncurrent liabilities and deferred credits			
Other noncurrent liabilities and deferred credits	Other noncurrent liabilities and deferred credits	291.5	296.8
Total Other Liabilities ⁽¹⁾	Total Other Liabilities ⁽¹⁾	4,652.2	4,650.7
Commitments and Contingencies (Refer to Note 14, "Other Commitments and Contingencies")			
Total Other Liabilities ⁽¹⁾			
Total Other Liabilities ⁽¹⁾			
Commitments and Contingencies (Refer to Note 15, "Other Commitments and Contingencies")			
Commitments and Contingencies (Refer to Note 15, "Other Commitments and Contingencies")			
Commitments and Contingencies (Refer to Note 15, "Other Commitments and Contingencies")			
Commitments and Contingencies (Refer to Note 15, "Other Commitments and Contingencies")			
Total Capitalization and Liabilities	Total Capitalization and Liabilities	\$ 27,828.2	\$ 26,736.6
Total Capitalization and Liabilities			
Total Capitalization and Liabilities			

(b) Includes \$41.0 million \$60.9 million and \$128.2 million \$68.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, of current liabilities and \$55.0 million \$56.3 million and \$30.6 million \$55.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, of other liabilities of consolidated VIEs that creditors do not have recourse to our general credit.

Refer to Note 11, "Variable Interest Entities," for additional information.

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Cash Flows (unaudited)

Nine Months Ended September 30, (in millions)		2023	2022	Three Months Ended March 31, (in millions)		2024	2023
Three Months Ended March 31, (in millions)							
Operating Activities	Operating Activities						
Net Income	Net Income	\$ 482.5	\$ 550.6				
Net Income							
Net Income							
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	Adjustments to Reconcile Net Income to Net Cash from Operating Activities:						
Depreciation and amortization							
Depreciation and amortization							
Depreciation and amortization	Depreciation and amortization	650.9	604.6				
Deferred income taxes and investment tax credits	Deferred income taxes and investment tax credits	102.1	118.3				
Gain on sale of assets	(0.5)	(105.3)					
Payments for asset retirement obligations							
Payments for asset retirement obligations							
Payments for asset retirement obligations							
Other adjustments	Other adjustments	12.0	27.7				
Changes in Assets and Liabilities:	Changes in Assets and Liabilities:						
Components of working capital							
Components of working capital							
Components of working capital	Components of working capital	323.6	(115.2)				
Regulatory assets/liabilities	Regulatory assets/liabilities	15.1	(17.4)				
Deferred charges and other noncurrent assets	Deferred charges and other noncurrent assets	(11.8)	(16.8)				

Deferred charges and other noncurrent assets			
Deferred charges and other noncurrent assets			
Other noncurrent liabilities and deferred credits	Other noncurrent liabilities and deferred credits	(38.0)	(10.3)
Net Cash Flows from Operating Activities	Net Cash Flows from Operating Activities	1,535.9	1,036.2
Net Cash Flows from Operating Activities			
Net Cash Flows from Operating Activities			
Investing Activities	Investing Activities		
Capital expenditures	Capital expenditures	(1,885.6)	(1,523.0)
Insurance recoveries		—	105.0
Cost of removal		(118.7)	(108.6)
Capital expenditures			
Capital expenditures			
Payment to renewable generation asset developer		(486.7)	(150.9)
Milestone payments to renewable generation asset developer			
Milestone payments to renewable generation asset developer			
Milestone payments to renewable generation asset developer			
Other investing activities	Other investing activities	(12.3)	(5.2)
Net Cash Flows used for Investing Activities	Net Cash Flows used for Investing Activities	(2,503.3)	(1,682.7)
Net Cash Flows used for Investing Activities			
Net Cash Flows used for Investing Activities			
Financing Activities	Financing Activities		
Proceeds from issuance of long-term debt		1,488.7	345.6
Repayments of long-term debt and finance lease obligations		(24.1)	(52.5)
Proceeds from issuance of long-term debt			
Proceeds from issuance of long-term debt			
Proceeds from issuance of long-term debt			
Repayments of finance lease obligations			
Change in short-term borrowings, net (maturity ≤ 90 days)		457.8	714.2

Repayment of short term credit agreements			
Repayment of short term credit agreements			
Repayment of short term credit agreements			
Net change in commercial paper and other short-term borrowings			
Issuance of common stock, net of issuance costs	Issuance of common stock, net of issuance costs	9.6	9.1
Redemption of preferred stock	Redemption of preferred stock	(393.9)	—
Preferred stock redemption premium	Preferred stock redemption premium	(6.2)	—
Equity costs, grant withholdings, and debt related costs		(19.3)	(10.1)
Contributions from noncontrolling interest		240.9	—
Distributions to noncontrolling interest		(12.0)	(4.8)
Equity costs, premiums and other debt related costs			
Contributions from noncontrolling interests			
Distributions to noncontrolling interests			
Dividends paid - common stock			
Dividends paid - common stock			
Dividends paid - common stock	Dividends paid - common stock	(310.1)	(286.0)
Dividends paid - preferred stock	Dividends paid - preferred stock	(35.7)	(35.7)
Contract liability payment	Contract liability payment	(49.9)	(49.6)
Payment of financing obligation to renewable generation asset developer		(347.2)	—
Net Cash Flows from Financing Activities			
Net Cash Flows from Financing Activities			
Net Cash Flows from Financing Activities	Net Cash Flows from Financing Activities	998.6	630.2

Change in cash, cash equivalents and restricted cash	Change in cash, cash equivalents and restricted cash	31.2	(16.3)
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	75.4	94.9
Cash, Cash Equivalents and Restricted Cash at End of Period	Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 106.6	\$ 78.6

Reconciliation to Balance Sheet

Nine Months Ended September 30, March 31, (in millions)	2023	2024
Cash and cash equivalents	56.0	102.2
Restricted Cash	50.6	38.3
Total Cash, Cash Equivalents and Restricted Cash	106.6	140.5

ITEM 1. FINANCIAL STATEMENTS (continued)

Supplemental Disclosures of Cash Flow Information

Nine Months Ended September 30, (in millions)	2023	2022
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 389.0	\$ 280.4
Dividends declared but not paid	111.9	115.0
Purchase contract liability ⁽¹⁾	16.4	81.1

⁽¹⁾ Refer to Note 5, "Equity," for additional information

Three Months Ended March 31, (in millions)	2024	2023
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 239.7	\$ 261.1
Dividends declared but not paid	119.0	122.8

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Equity (unaudited)

(in millions)	(in millions)	Accumulated							
		Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Paid-In Capital	Retained Deficit	Other Loss	Comprehensive	Noncontrolling Interest in Consolidated Subsidiaries
Balance as of July 1, 2023	\$ 4.2	\$ 1,152.6	\$ (99.9)	\$ 7,383.1	\$ (1,173.8)	\$ (35.8)	\$ 341.0	\$ 7,571.4	
<hr/>									
<hr/>									
(in millions)									

Balance as of January 1, 2024								
Comprehensive	Comprehensive							
Income:	Income:							
Net income								
Net income								
Net income	Net income	—	—	—	—	85.1	—	13.3 98.4
Other	Other							
comprehensive	comprehensive							
loss, net of tax	loss, net of tax	—	—	—	—	—	(1.1)	— (1.1)
Dividends:	Dividends:							
Common stock (\$0.25 per share)		—	—	—	—	(103.8)	—	— (103.8)
Preferred stock (See Note 5)		—	—	—	—	(8.1)	—	— (8.1)
Common stock (\$0.53 per share)								
Common stock (\$0.53 per share)								
Common stock (\$0.53 per share)								
Preferred stock (See Note 6)								
Noncontrolling								
Interests:								
Contributions from noncontrolling								
interest ⁽²⁾		—	—	—	—	—	—	204.6 204.6
Distributions to	Distributions to							
noncontrolling	noncontrolling							
interests	interests	—	—	—	—	—	—	(2.0) (2.0)
Stock issuances:								
Distributions to noncontrolling								
interests								
Distributions to noncontrolling								
interests								
Stock issuances (redemptions):								
Stock issuances (redemptions):								
Stock issuances (redemptions):								
Series B and B-1 Preferred Stock								
Redemption								
Series B and B-1 Preferred Stock								
Redemption								
Series B and B-1 Preferred Stock								
Redemption								
Series B and B-1 Preferred stock								
redemption premium								
Series B and B-1 Preferred stock								
redemption premium								
Series B and B-1 Preferred stock								
redemption premium								
Employee	Employee							
stock	stock							
purchase plan	purchase plan	—	—	—	1.5	—	—	— 1.5
Long-term	Long-term							
incentive plan	incentive plan	—	—	—	6.0	—	—	— 6.0
401(k) and	401(k) and							
profit sharing	profit sharing	—	—	—	2.4	—	—	— 2.4
Balance as of September 30,								
2023	\$ 4.2	\$ 1,152.6	\$ (99.9)	\$ 7,393.0	\$ (1,200.6)	\$ (36.9)	\$ 556.9	\$ 7,769.3

(1) See Note 5, "Equity," for additional information.

(2) Contributions from noncontrolling interest is net of commitment and consulting fees and other legal costs related to the substantial completion closing of Duns Bridge I of \$0.2 million and Indiana Crossroads Solar of \$1.1 million.

Balance as of March 31, 2024

Accumulated									
Additional									
Other									
(in millions)	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Paid-In Capital	Retained Deficit	Comprehensive Loss	Noncontrolling Interest in Consolidated Subsidiaries	Total	
Balance as of January 1, 2023	\$ 4.2	\$ 1,546.5	\$ (99.9)	\$ 7,375.3	\$ (1,213.6)	\$ (37.1)	\$ 326.4	\$ 7,901.8	
Comprehensive Income:									
Net income	—	—	—	—	476.9	—	5.6	482.5	
Other comprehensive income, net of tax	—	—	—	—	—	0.2	—	0.2	
Dividends:									
Common stock (\$1.00 per share)	—	—	—	—	(413.9)	—	—	(413.9)	
Preferred stock (See Note 5)	—	—	—	—	(43.8)	—	—	(43.8)	
Preferred stock redemption	—	(393.9)	—	—	—	—	—	(393.9)	
Preferred stock redemption premium	—	—	—	—	(6.2)	—	—	(6.2)	
Contributions from noncontrolling interest ⁽²⁾	—	—	—	—	—	—	236.9	236.9	
Distributions to noncontrolling interests	—	—	—	—	—	—	(12.0)	(12.0)	
Stock issuances:									
Employee stock purchase plan	—	—	—	4.3	—	—	—	4.3	
Long-term incentive plan	—	—	—	5.9	—	—	—	5.9	
401(k) and profit sharing	—	—	—	7.5	—	—	—	7.5	
Balance as of September 30, 2023	\$ 4.2	\$ 1,152.6	\$ (99.9)	\$ 7,393.0	\$ (1,200.6)	\$ (36.9)	\$ 556.9	\$ 7,769.3	

(1) See Note 5, "Equity," for additional information.

(2) Contributions from noncontrolling interest is net of commitment and consulting fees and other legal costs related to the mechanical completion closing of Dunns Bridge I of \$2.7 million. Contributions from noncontrolling interest is net of commitment and consulting fees and other legal costs related to the substantial completion closing of Dunns Bridge I of \$0.2 million and Indiana Crossroads Solar of \$1.1 million.

ITEM 1. FINANCIAL STATEMENTS (continued)

Accumulated									
Additional									
Other									
(in millions)	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Paid-In Capital	Retained Deficit	Comprehensive Loss	Noncontrolling Interest in Consolidated Subsidiaries	Total	
Balance as of July 1, 2022	\$ 4.1	\$ 1,546.5	\$ (99.9)	\$ 7,218.6	\$ (1,408.9)	\$ (35.8)	\$ 315.8	\$ 7,540.4	
(in millions)									
Balance as of January 1, 2023									
Comprehensive Income:									
Income:									
Net income (loss)	—	—	—	—	65.8	—	(2.3)	63.5	
Net income									
Net income									
Net income									

Other comprehensive income, net of tax	Other comprehensive income, net of tax	—	—	—	—	—	12.3	—	12.3
Dividends:	Dividends:								
Common stock (\$0.24 per share)	Common stock (\$0.24 per share)	—	—	—	—	(95.6)	—	—	(95.6)
Preferred stock (See Note 5)	Preferred stock (See Note 5)	—	—	—	—	(19.4)	—	—	(19.4)
Common stock (\$0.50 per share)	Common stock (\$0.50 per share)								
Common stock (\$0.50 per share)	Common stock (\$0.50 per share)								
Common stock (\$0.50 per share)	Common stock (\$0.50 per share)								
Preferred stock (See Note 6)	Preferred stock (See Note 6)								
Noncontrolling Interests:	Noncontrolling Interests:								
Noncontrolling Interests:	Noncontrolling Interests:								
Contributions from noncontrolling interest	Contributions from noncontrolling interest								
Contributions from noncontrolling interest	Contributions from noncontrolling interest								
Contributions from noncontrolling interest	Contributions from noncontrolling interest								
Distributions to noncontrolling interest	Distributions to noncontrolling interest	—	—	—	—	—	—	(1.7)	(1.7)
Stock issuances:	Stock issuances:								
Employee stock purchase plan	Employee stock purchase plan	—	—	—	1.3	—	—	—	1.3
Long-term incentive plan	Long-term incentive plan	—	—	—	2.6	—	—	—	2.6
401(k) and profit sharing	401(k) and profit sharing	—	—	—	2.4	—	—	—	2.4
ATM program	ATM program	—	—	—	(0.1)	—	—	—	(0.1)
Balance as of September 30,									
2022	\$ 4.1	\$ 1,546.5	\$ (99.9)	\$ 7,224.8	\$ (1,458.1)	\$ (23.5)	\$ 311.8	\$ 7,505.7	

(i) See Note 5, "Equity," for additional information.

(in millions)	Accumulated						Noncontrolling	
	Additional			Other			Interest in	
	Common Stock	Preferred Stock ⁽¹⁾	Treasury Stock	Paid-In Capital	Retained Deficit	Comprehensive Loss	Consolidated Subsidiaries	Total
Balance as of January 1, 2022	\$ 4.1	\$ 1,546.5	\$ (99.9)	\$ 7,204.3	\$ (1,580.9)	\$ (126.8)	\$ 325.6	\$ 7,272.9
Comprehensive Income:								
Net income (loss)	—	—	—	—	559.6	—	(9.0)	550.6
Other comprehensive income, net of tax	—	—	—	—	—	103.3	—	103.3
Dividends:								
Common stock (\$0.94 per share)	—	—	—	—	(381.7)	—	—	(381.7)
Preferred stock (See Note 5)	—	—	—	—	(55.1)	—	—	(55.1)
Distributions to noncontrolling interest	—	—	—	—	—	—	(4.8)	(4.8)
Stock issuances:								
Employee stock purchase plan								
Employee stock purchase plan	Employee stock purchase plan	—	—	—	3.8	—	—	3.8
Long-term incentive plan	Long-term incentive plan	—	—	—	9.5	—	—	9.5
401(k) and profit sharing	401(k) and profit sharing	—	—	—	7.3	—	—	7.3
ATM program	ATM program	—	—	—	(0.1)	—	—	(0.1)

Balance as of September 30, 2022	\$ 4.1	\$ 1,546.5	\$ (99.9)	\$ 7,224.8	\$ (1,458.1)	\$ (23.5)	\$ 311.8	\$ 7,505.7
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(a) See Note 5, "Equity," for additional information.

Balance as of March 31, 2023

Balance as of March 31, 2023

Balance as of March 31, 2023

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Equity (unaudited) (continued)

	Preferred	Common						
	Preferred							
	Preferred							
	Preferred							
Shares (in thousands)	Shares (in thousands)	Shares	Shares	Treasury	Outstanding	Shares (in thousands)	Shares	Treasury
Balance as of July 1, 2023	903	417,112	(3,963)	413,149				
Issued:								
Balance as of January 1, 2024								
Issued (Redeemed):								
Employee stock purchase plan								
Employee stock purchase plan								
Employee stock purchase plan								
Employee stock purchase plan								
Long-term incentive plan								
401(k) and profit sharing								
Redeemed:								
Preferred Stock								
Balance as of September 30, 2023	903	417,288	(3,963)	413,325				
Series B and B-1 Preferred Stock								
Series B and B-1 Preferred Stock								
Series B and B-1 Preferred Stock								
Balance as of March 31, 2024								
	Preferred	Common						

Preferred						Common			
Preferred						Common			
Shares (in thousands)	Shares (in thousands)	Shares	Shares	Treasury	Outstanding	Shares (in thousands)	Shares	Treasury	Outstanding
Balance as of January 1, 2023									
1,2023	1,2023	1,303	416,106	(3,963)	412,143				
Issued:	Issued:								
Employee stock purchase plan	Employee stock purchase plan	—	155	—	155				
Long-term incentive plan	Long-term incentive plan	—	754	—	754				
401(k) and profit sharing	401(k) and profit sharing	—	273	—	273				
Redeemed:									
Preferred Stock	(400)	—	—	—	—				
Balance as of September 30, 2023		903	417,288	(3,963)	413,325				
Preferred						Common			
Shares (in thousands)	Shares	Shares	Treasury	Outstanding		Shares (in thousands)	Shares	Treasury	Outstanding
Balance as of July 1, 2022									
2022	1,303	409,841	(3,963)	405,878					
Issued:									
Employee stock purchase plan	Employee stock purchase plan	—	46	—	46				
Employee stock purchase plan	Employee stock purchase plan	—	46	—	46				
Long-term incentive plan	Long-term incentive plan	—	45	—	45				
401(k) and profit sharing	401(k) and profit sharing	—	81	—	81				
Balance as of September 30, 2022	1,303	410,013	(3,963)	406,050					
Preferred						Common			
Shares (in thousands)	Shares	Shares	Treasury	Outstanding		Shares (in thousands)	Shares	Treasury	Outstanding
Balance as of January 1, 2022									
2022	1,303	409,266	(3,963)	405,303					
Issued:									
Employee stock purchase plan	Employee stock purchase plan	—	129	—	129				
Long-term incentive plan	Long-term incentive plan	—	373	—	373				
401(k) and profit sharing	401(k) and profit sharing	—	245	—	245				
Balance as of September 30, 2022	1,303	410,013	(3,963)	406,050					

Balance as of March 31,

2023

Balance as of March 31,

2023

Balance as of March 31,

2023

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

1. Basis of Accounting Presentation

Our accompanying Condensed Consolidated Financial Statements (unaudited) 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 include the accounts of us, our majority-owned subsidiaries, and VIEs of which we are the primary beneficiary after the elimination of all intercompany accounts and transactions.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**. 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 we believe 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

Recently Adopted Issued Accounting Pronouncements

In August 2023, the **FASB** **Financial Accounting Standards Board ("FASB")** issued ASU 2023-05, **Business Combinations- Joint Venture Formations**. This pronouncement codifies ASU 805-60 to provide guidance for the recognition and initial measurement of joint venture formations. This guidance requires that the initial assets contributed and liabilities assumed be recognized and measured at fair value, with additional disclosure requirements during the period a joint venture is formed. The pronouncement is effective for joint ventures formed on or after January 1, 2025. We **will adopt and apply to any future joint ventures if entered**.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This pronouncement enhances annual and interim disclosure requirements over reportable segments, primarily through enhanced disclosures about significant segment expenses that are regularly provided to or easily computed from information regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss. The pronouncement also allows for more than one measure of segment profit if the CODM uses more than one measure in assessing segment performance. The pronouncement is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the **impact** impacts this ASU will have on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This pronouncement enhances required income tax disclosures. The pronouncement will require disclosure of specific categories and reconciling items included in the rate reconciliation, disaggregation between federal, state and local income taxes paid, and disclosure of income taxes paid by jurisdictions over a certain threshold. Additionally, the pronouncement eliminates certain required disclosures related to unrecognized tax benefits. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted, and is to be applied on a prospective basis with retrospective application permitted. We are currently evaluating the impacts this pronouncement amendment will have on the formation of future joint ventures, our income tax disclosures, but do not expect to early adopt.

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As of January 1, 2024, we have changed our reportable segments from Gas Distributions Operations and Electric Operations to Columbia Operations and NIPSCO Operations. Our historical segment disclosures have been recast to be consistent with the current presentation. For additional information see Note 17, "Business Segment Information."

The **Gas Distribution** **Columbia** Operations segment provides **regulated** natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, **Maryland**, and **Indiana**. The **Electric** **NIPSCO** Operations segment provides **regulated** **gas and electric service** in 20 counties in the northern part of Indiana.

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

Three Months Ended September 30, 2023 (in millions)	Gas Distribution Operations ⁽²⁾	Electric Operations ⁽³⁾	Corporate and Other	Total
Customer Revenues⁽¹⁾				
Residential	\$ 351.7	\$ 176.0	—	\$ 527.7

Commercial	108.5	156.6	—	265.1
Industrial	46.3	115.9	—	162.2
Off-system	9.8	—	—	9.8
Miscellaneous	8.6	29.2	—	37.8
Total Customer Revenues	\$ 524.9	\$ 477.7	\$ 0.2	\$ 1,002.6
Other Revenues	3.6	21.0	0.2	24.8
Total Operating Revenues	\$ 528.5	\$ 498.7	\$ 0.2	\$ 1,027.4

(1)Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

(2)Amounts included in Gas Distributions Operations Other revenues primarily relate to weather normalization adjustment mechanisms.

(3)Amounts included in Electric Operations Other revenues primarily relate to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Three Months Ended September 30, 2022 (in millions)	Gas Distribution Operations ⁽²⁾	Electric Operations ⁽³⁾	Corporate and Other ⁽⁴⁾	Total
Customer Revenues⁽¹⁾				
Residential	\$ 330.1	\$ 178.8	\$ —	\$ 508.9
Commercial	114.6	158.9	—	273.5
Industrial	42.6	151.9	—	194.5
Off-system	72.7	—	—	72.7
Miscellaneous	7.3	1.3	—	8.6
Total Customer Revenues	\$ 567.3	\$ 490.9	\$ —	\$ 1,058.2
Other Revenues	5.1	25.4	0.8	31.3
Total Operating Revenues	\$ 572.4	\$ 516.3	\$ 0.8	\$ 1,089.5

(1)Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

(2)Amounts included in Gas Distributions Operations Other revenues primarily relate to weather normalization adjustment mechanisms.

(3)Amounts included in Electric Operations Other revenues primarily relate to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

(4)Amounts associated with Corporate and Other revenues primarily relate to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

Nine months ended September 30, 2023 (in millions)	Gas Distribution Operations ⁽²⁾	Electric Operations ⁽³⁾	Corporate and Other	Total
Customer Revenues⁽¹⁾				
Residential	\$ 1,789.3	\$ 449.2	\$ —	\$ 2,238.5
Commercial	621.2	437.6	—	1,058.8
Industrial	169.3	362.7	—	532.0
Off-system	49.9	—	—	49.9
Miscellaneous	38.7	48.0	—	86.7
Total Customer Revenues	\$ 2,668.4	\$ 1,297.5	\$ —	\$ 3,965.9
Other Revenues	54.2	62.7	0.6	117.5
Total Operating Revenues	\$ 2,722.6	\$ 1,360.2	\$ 0.6	\$ 4,083.4

(1)Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

(2)Amounts included in Gas Distributions Operations Other revenues primarily relate to weather normalization adjustment mechanisms.

(3)Amounts included in Electric Operations Other revenues primarily relate to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

Nine months ended September 30, 2022 (in millions)	Gas Distribution Operations ⁽²⁾	Electric Operations ⁽³⁾	Corporate and Other ⁽⁴⁾	Total
Customer Revenues⁽¹⁾				
Residential	\$ 1,772.0	\$ 454.3	\$ —	\$ 2,226.3
Commercial	631.7	428.1	—	1,059.8
Industrial	158.5	420.4	—	578.9

Off-system	150.5	—	—	150.5
Miscellaneous	29.9	9.6	—	39.5
Total Customer Revenues	\$ 2,742.6	\$ 1,312.4	\$ —	\$ 4,055
Other Revenues	7.6	71.1	12.3	91.0
Total Operating Revenues	\$ 2,750.2	\$ 1,383.5	\$ 12.3	\$ 4,146.0

(1)Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

(2)Amounts included in Gas Distributions Operations Other revenues primarily relate to weather normalization adjustment mechanisms.

(3)Amounts included in Electric Operations Other revenues primarily relate to MISO multi-value projects and revenue from non-jurisdictional transmission assets.

(4)Amounts associated with Corporate and Other revenues primarily relate to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

Three months ended March 31, 2024 (in millions)	Columbia Operations	NIPSCO Operations	Corporate and Other	Total
Gas Distribution				
Residential	\$ 628.0	\$ 212.1	\$ —	\$ 840.1
Commercial	220.4	74.7	—	295.1
Industrial	40.1	23.8	—	63.9
Off-system	12.8	—	—	12.8
Wholesale	0.8	—	—	0.8
Miscellaneous(1)	8.2	7.9	—	16.1
Subtotal	\$ 910.3	\$ 318.5	\$ —	\$ 1,228.8
Electric Generation and Power Delivery				
Residential	\$ —	\$ 143.8	\$ —	\$ 143.8
Commercial	—	142.9	—	142.9
Industrial	—	115.9	—	115.9
Wholesale	—	6.3	—	6.3
Public Authority	—	2.1	—	2.1
Miscellaneous(1)	—	3.2	—	3.2
Subtotal	\$ —	\$ 414.2	\$ —	\$ 414.2
Total Customer Revenues(2)	910.3	732.7	—	1,643.0
Other Revenues(3)	43.4	19.7	0.2	63.3
Total Operating Revenues	\$ 953.7	\$ 752.4	\$ 0.2	\$ 1,706.3

(1)Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations are primarily related to revenue refunds, public repairs and property rentals. (2)Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

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

Three months ended March 31, 2023 (in millions)	Columbia Operations	NIPSCO Operations	Corporate and Other	Total
Gas Distribution				
Residential	\$ 684.6	\$ 302.4	\$ —	\$ 987.0
Commercial	248.0	112.6	—	360.6
Industrial	40.4	31.5	—	71.9
Off-system	17.2	—	—	17.2
Wholesale	1.0	—	—	1.0
Miscellaneous(1)	11.8	5.6	—	17.4
Subtotal	\$ 1,003.0	\$ 452.1	\$ —	\$ 1,455.1
Electric Generation and Power Delivery				
Residential	\$ —	\$ 150.4	\$ —	\$ 150.4
Commercial	—	150.9	—	150.9
Industrial	—	134.2	—	134.2
Wholesale	—	2.6	—	2.6
Public Authority	—	2.1	—	2.1
Miscellaneous(1)	—	0.8	—	0.8

Subtotal	\$	—	\$	441.0	\$	—	\$	441.0
Total Customer Revenues⁽²⁾		1,003.0		893.1		—		1,896.1
Other Revenues⁽³⁾		45.9		23.8		0.2		69.9
Total Operating Revenues	\$	1,048.9	\$	916.9	\$	0.2	\$	1,966.0

⁽¹⁾Amounts included in Columbia Operations are primarily related to earnings share mechanisms and late fees. Amounts included in NIPSCO Operations, are primarily related to revenue refunds, public repairs and property rentals. ⁽²⁾Customer revenue amounts exclude intersegment revenues. See Note 17, "Business Segment Information," for discussion of intersegment revenues.

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

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, and weather. A significant portion of our operations are subject to seasonal fluctuations in sales. During the heating season, primarily from November through March, revenues and receivables from gas sales are more significant than in other months. The opening and closing balances of customer receivables for the **nine three** months ended **September 30, 2023** **March 31, 2024** are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

<i>(in millions)</i>		Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2022	\$	560.5	\$ 453.0
Balance as of September 30, 2023		336.6	198.3

<i>(in millions)</i>		Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2023	\$	479.4	\$ 337.6
Balance as of March 31, 2024		552.1	263.6

Utility revenues are billed to customers monthly on a cycle basis. We expect that substantially all customer accounts receivable will be collected following customer billing, as this revenue consists primarily of periodic, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectability. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

Allowance for Credit Losses. To evaluate for expected credit losses, customer account receivables are pooled based on similar risk characteristics, such as customer type, geography, payment terms, and related macro-economic risks. Expected credit losses are established using a model that considers historical collections experience, current information, and reasonable and supportable forecasts. Internal and external inputs are used in our credit model including, but not limited to, energy consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-offs, customer delinquencies, final bill data, and inflation. We continuously evaluate available information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or following changes in facts and circumstances. When we become aware of a specific commercial or industrial customer's inability to pay, an allowance for expected credit losses is recorded for the relevant amount. We also monitor other circumstances that could affect our overall expected credit losses including, but not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and current economic conditions.

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

At each reporting period, we record expected credit losses to an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** are presented in the table below:

		Gas						
		Distribution	Electric	Corporate	Operations	Other	Total	
(in millions)	(in millions)							
Balance as of January 1,								
2023		\$ 17.2	\$ 5.9	\$ 0.8	\$ 23.9			
(in millions)								
(in millions)								
Balance as								
of January 1,								
2024								
Current period provisions	Current period provisions	22.4	4.7	—	27.1			
Write-offs charged against allowance	Write-offs charged against allowance	(43.9)	(4.3)	—	(48.2)			
Recoveries of amounts previously written off	Recoveries of amounts previously written off	12.5	0.3	—	12.8			
Balance as of September 30, 2023		\$ 8.2	\$ 6.6	\$ 0.8	\$ 15.6			
Balance as of March 31, 2024								
		Gas						
		Distribution	Electric	Corporate	Operations	Other	Total	
(in millions)	(in millions)							
Balance as of January 1,								
2022		\$ 18.9	\$ 3.8	\$ 0.8	\$ 23.5			
(in millions)								
(in millions)								
Balance as								
of January 1,								
2023								
Current period provisions	Current period provisions	29.1	6.9	—	36.0			
Write-offs charged against allowance	Write-offs charged against allowance	(52.1)	(5.3)	—	(57.4)			
Recoveries of amounts previously written off	Recoveries of amounts previously written off	21.3	0.5	—	21.8			
Balance as of December 31, 2022		\$ 17.2	\$ 5.9	\$ 0.8	\$ 23.9			
Balance as of December 31, 2023								

4. Noncontrolling Interests

Variable Interest Entities. A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. NIPSCO is a member of joint ventures that own and operate two wind facilities, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO is also a member of joint ventures that own two solar facilities, Indiana Crossroads Solar and Dunns Bridge I, which have a combined 465 MW of nameplate capacity. We have determined that these joint ventures are VIEs. We control decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include NIPSCO (who is the managing member) and a tax equity partner. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the tax equity partner in varying percentages by category and over the life of the partnership. NIPSCO and each tax equity partner contributed cash to each JV. Once the tax equity partner has earned their negotiated rate of return and have reached a stated contractual date, NIPSCO has the option to purchase the remaining interest in the respective JV, at fair market value from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by our commercially operational JVs.

We did not provide any financial or other support during the quarter that was not previously contractually required, nor do we expect to provide such support in the future.

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Our Condensed Consolidated Balance Sheets (unaudited) included the following assets and liabilities associated with VIEs.

(in millions)	March 31, 2024	December 31, 2023
Net Property, Plant and Equipment	\$ 1,358.2	\$ 1,369.8
Current assets	60.8	63.6
Total assets⁽¹⁾	1,419.0	1,433.4
Current liabilities	60.9	68.3
Asset retirement obligations	56.3	55.7
Total liabilities⁽¹⁾⁽²⁾	\$ 117.2	\$ 124.0

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

⁽²⁾In addition to the amounts disclosed above there is a de minimis amount of other noncurrent liabilities at Rosewater as of March 31, 2024.

Voting Interest Entities. In December 31, 2023, we consummated the NIPSCO Minority Interest Transaction for a capital contribution of \$2.16 billion in cash. The difference between the \$2.16 billion consideration received and the \$1.36 billion carrying value of the noncontrolling interest claim on net assets was recorded to additional paid-in capital, net of \$54.7 million in transaction costs and a \$63.5 million income tax benefit. We retain a controlling financial interest in NIPSCO Holdings II and its subsidiaries and consolidate their financial results. During Q1 2024, we paid the remaining transaction costs that were accrued as of December 31, 2023.

5. Earnings Per Share

The calculations of basic and diluted EPS are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. For the three months ended March 31, 2024, the weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans and an ATM forward agreement under the Treasury Stock Method when the impact would be dilutive (See Note 6, "Equity"). For the purposes of determining diluted EPS, for the three months ended March 31, 2023, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding for the three and nine months ended September 30, 2023 and 2022 using the if-converted method under US GAAP. For the purchase contracts, the number of shares of our common stock that would be issuable at the end of each reporting period will be reflected in the denominator of our diluted EPS calculation. If the stock price falls below the initial reference price of \$24.51, subject to anti-dilution adjustments, the number of shares of our common stock used in calculating diluted EPS will be the maximum number of shares per the contract as described in Note 5, "Equity." Conversely, if the stock price is above the initial reference price of \$24.51, subject to anti-dilution adjustments, a variable number of shares of our common stock will be used in calculating diluted EPS. A numerator adjustment is reflected in the calculation of diluted EPS for interest expense incurred for the three GAAP and nine months ended September 30, 2023 and 2022 net of tax, related to the purchase contracts.

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

The shares underlying the Series C Mandatory Convertible Preferred Stock included within the Equity Units are contingently convertible as the conversion is contingent on a successful remarketing as described in Note 5, "Equity." Contingently convertible shares where conversion is not tied to a market price trigger are excluded from the calculation of diluted EPS until such time as the contingency has been resolved under the if-converted method. As of September 30, 2023 and 2022, the contingency A numerator adjustment was not resolved and thus no shares were reflected in the denominator in the calculation of diluted EPS for interest expense incurred in the three and nine months ended September 30, 2023 and 2022. March 31, 2023, net of tax, related to the purchase contracts. The purchase contracts were settled on December 1, 2023.

Diluted EPS also includes the incremental effects of the various long-term incentive compensation plans and the open ATM forward agreements during the period under the treasury stock method when the impact would be dilutive.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

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

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net Income Available to Common Shareholders	\$ 77.0	\$ 52.0	\$ 436.1	\$ 518.2
Less: Income allocated to participating securities	0.1	—	0.3	—
Net Income Available to Common Shareholders - Basic	76.9	52.0	435.8	518.2
Add: Dilutive effect of Equity Units	0.4	0.5	1.2	1.5
Net Income Available to Common Shareholders - Diluted	\$ 77.3	\$ 52.5	\$ 437.0	\$ 519.7
Denominator:				
Average common shares outstanding - Basic	413.5	406.5	413.2	406.3
Dilutive potential common shares:				
Equity Units purchase contracts	33.1	31.3	31.9	29.4
Equity Units purchase contract payment balance	0.6	3.0	1.2	3.4
Shares contingently issuable under employee stock plans	0.7	0.9	0.7	1.0
Shares restricted under employee stock plans	0.4	0.6	0.4	0.5
ATM forward agreements	—	1.1	—	1.1
Average Common Shares - Diluted	448.3	443.4	447.4	441.7
Earnings per common share:				
Basic	\$ 0.19	\$ 0.13	\$ 1.05	\$ 1.28
Diluted	\$ 0.17	\$ 0.12	\$ 0.98	\$ 1.18

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net Income Available to Common Shareholders	\$ 344.3	\$ 319.2
Less: Income allocated to participating securities	0.3	0.2
Net Income Available to Common Shareholders - Basic	344.0	319.0
Add: Dilutive effect of Equity Units	—	0.4
Net Income Available to Common Shareholders - Diluted	\$ 344.0	\$ 319.4
Denominator:		
Average common shares outstanding - Basic	447.9	412.8
Dilutive potential common shares:		
Equity Units purchase contracts	—	31.2
Equity Units purchase contract payment balance	—	1.8

Shares contingently issuable under employee stock plans	0.9	0.8
Shares restricted under employee stock plans	0.4	0.5
ATM forward agreement	0.2	—
Average Common Shares - Diluted	449.4	447.1
Earnings per common share:		
Basic	0.77	0.77
Diluted	0.77	0.71

6. Equity

ATM Program. On ~~February 22, 2021~~ February 22, 2024, we entered into ~~six~~ eight separate equity distribution agreements pursuant to which we are able to sell up to an aggregate of ~~\$750.0 million~~ \$900.0 million of our common stock. On February 23, 2024, under the ATM program, we executed a forward sale agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. On February 23, 2024, the forward purchaser under our forward sale agreement borrowed 7,757,951 shares from third parties, which the forward purchaser sold, through its affiliated agent, at a weighted average price of \$25.78 per share. We may settle the forward sale agreement in shares, cash or net shares by December 20, 2024. Had we settled all the shares under the forward sale agreement at March 31, 2024, we would have received approximately \$199.8 million, based on a net price of \$25.76 per share. As of ~~September 30, 2023~~ March 31, 2024, the ATM program (inclusive of the forward sale agreement) had approximately ~~\$300.0 million~~ \$700.0 million of equity available for issuance. The program expires on ~~December 31, 2023~~ December 31, 2025. There are no outstanding forward agreements as of September 30, 2023 December 31, 2025.

Preferred Stock. As of September 30, 2023, we had 20,000,000 shares of preferred stock authorized for issuance, of which 902,500 shares of preferred stock in the aggregate for all series were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

(in millions except shares and per share amounts)	Liquidation Preference Per Share	Three Months Ended		Nine Months Ended		Outstanding	
		September 30,		September 30,			
		2023	2022	2023	2022		
5.650% Series A	\$ 1,000.00	—	—	28.25	28.25	\$ 56.50	\$ 393.9
6.500% Series B	\$ 25,000.00	20,000	406.25	406.25	1,625.00	1,625.00	\$ 486.1
Series C ⁽¹⁾	\$ 1,000.00	862,500	—	—	—	\$ 666.5	\$ 666.5

⁽¹⁾The Series C Mandatory Convertible Preferred Stock initially will not bear any dividends. We recorded the initial present value of the purchase contract payments as a liability with a corresponding reduction to preferred stock.

⁽²⁾Dividend Dividends declared per share for the nine months ended September 30, 2023 reflects the dividend declared on the Series A Preferred Stock on March 14, 2023. The dividend was paid on June 15, 2023.

In addition, 20,000 shares of Series B-1 Preferred Stock, par value \$0.01 were zero and \$28.25 during the three months ended March 31, 2024 and 2023, respectively. Dividends declared per share were outstanding as of September 30, 2023. Holders of Series B-1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B-1 Preferred Stock is paired with for the Series B Preferred Stock were \$406.25 and may not be transferred, redeemed or repurchased except in connection with \$812.50 during the simultaneous transfer, redemption, or repurchase of the underlying Series B Preferred Stock. As of September 30, 2023 three months ended March 31, 2024 and 2022, Series B Preferred Stock had \$1.4 million of cumulative preferred dividends in arrears, or \$72.23 per share, 2023, respectively.

As of September 30, 2022, Series A Preferred Stock had \$6.7 million of cumulative preferred dividends in arrears, or \$16.63 per share.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Series B and B-1 Preferred Stock. On March 15, 2024, we redeemed all 20,000 outstanding shares of Series B Preferred Stock for a redemption price of \$25,000 per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of \$0.01 per share or \$500.0 million in total. Following the redemption, dividends ceased to accrue on such shares of Series A Preferred Stock, the shares of Series AB Preferred Stock, are shares of the Series B Preferred Stock and Series B-1 Preferred Stock were no longer deemed outstanding and all rights of the holders of the such shares of Series AB Preferred Stock were and Series B-1 Preferred Stock terminated. In conjunction with the redemption, we recorded a \$6.2 million \$14.0 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series AB Preferred Stock and Series B-1 Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during the second first quarter of 2023. Since we are obligated to issue common stock under the Equity Units purchase contracts upon successful remarketing by the end of 2023, we 2024. We did not recognize an excise tax liability under the IRA in connection with this redemption, redemption as we expect to issue common stock under the ATM program in 2024 in excess of the fair value of the Series B Preferred Stock and Series B-1 Preferred Stock redeemed.

In June 2023, March 2024, we filed a certificate Certificate of elimination Elimination to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to eliminate from the Amended and Restated Certificate of Incorporation all matters set forth in the Certificate of Designations with respect to the Series AB Preferred Stock and the Certificate of Designations with respect to the Series B-1 Preferred Stock. As a result, the 400,000 20,000 shares that were previously designated as Series AB Preferred Stock and the 20,000 shares that were previously designated as Series B-1 Preferred Stock were returned to the status of authorized but unissued shares of preferred

stock, par value \$0.01 per share, without designation as to series. The certificate of elimination does not change the total number of authorized shares of capital stock of NiSource or the total number of authorized shares of preferred stock. We voluntarily delisted the preferred stock from the New York Stock Exchange.

Equity Units. On April 19, 2021 December 1, 2023, we completed the sale of 8.625 million Equity Units, initially consisting of Corporate Units, each with a stated amount of \$100. The offering generated net proceeds of \$835.5 million, after underwriting and issuance expenses. Each Corporate Unit consists of a forward contract to purchase issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units. As of December 1, 2023, each holder of Corporate Units was deemed to have automatically delivered to us the related Series C Mandatory Convertible Preferred Stock that were components of the Corporate Units in full satisfaction of such holder's obligations under the future related purchase contract, and a 1/10th, or 10%, undivided beneficial ownership interest in one share all shares of Series C Mandatory Convertible Preferred Stock were returned to the status of authorized but unissued preferred stock, par value of \$0.01 per share, without designation as to series. We voluntarily delisted the Corporate Units from the New York Stock Exchange.

Refer to Note 5, "Earnings Per Share," for additional information regarding our treatment of the Equity Units for diluted EPS during 2023.

7. Short-Term Borrowings

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

Revolving Credit Facility. We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of \$1.85 billion and is comprised of a syndicate of banks. We had no outstanding borrowings under this facility as of March 31, 2024 and December 31, 2023.

Commercial Paper Program. On February 9, 2024 we increased our commercial paper program limit from \$1.50 billion to \$1.85 billion. We had \$1,222.3 million and \$1,061.0 million of commercial paper outstanding with weighted-average interest rates of 5.58% and 5.65% as of March 31, 2024 and December 31, 2023, respectively.

Accounts Receivable Transfer Programs. Columbia of Ohio, NIPSCO, and Columbia of Pennsylvania each maintain a liquidation preference receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through consolidated special purpose entities. The three agreements expire between June 2024 and October 2024 and may be further extended if mutually agreed to by the parties thereto.

All receivables transferred to third parties are valued at face value, which approximates fair value due to their short-term nature. The amount of \$1,000 per share, the undivided percentage ownership interest in the accounts receivables transferred is determined in part by required loss reserves under the agreements.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of March 31, 2024, the maximum amount of debt that could be borrowed related to our accounts receivable programs was \$419.8 million.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

For the three months ended March 31, 2024 and 2023, \$337.6 million and \$65.4 million, respectively were recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the accounts receivable transfer programs, we pay used facility fees for amounts borrowed, unused commitment fees for amounts not borrowed, and upfront renewal fees. Fees associated with the securitization transactions were \$0.5 million and \$0.9 million for the three months ended March 31, 2024 and 2023, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

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

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

8. Long-Term Debt

On March 14, 2024 we completed the issuance and sale of \$650.0 million of 5.35% senior unsecured notes maturing in 2034, which resulted in approximately \$642.6 million of net proceeds after discount and debt issuance costs.

9. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Natural gas storage injections are priced at the issuance date is presented below:

(in millions except contract rate)	Issuance Date	Units Issued	Total Net Proceeds ⁽¹⁾	Purchase Contract Annual Rate	Purchase Contract Liability
Equity Units	April 19, 2021	8.625 \$	835.5	7.75 % \$	168.8

Issuance average of the costs of \$27.0 million were recorded natural gas supply purchased during the year. For interim periods, the difference in the cost of replacing the current portion of stored gas inventory compared to the amount stated on a relative fair value LIFO basis as a reduction to preferred stock of \$22.5 million and a reduction to the purchase contract liability of \$4.5 million.

The purchase contract obligates holders to purchase shares of our common stock on December 1, 2023, subject to early settlement in certain situations. The purchase price paid under the purchase contract is \$100 and the number of shares to be purchased will be determined under a settlement rate formula based on the volume-weighted average share price of our common stock near the settlement date, subject to a maximum settlement rate. The Series C Mandatory Convertible Preferred Stock were pledged upon issuance as collateral to secure the purchase of common stock under the related purchase contracts.

The Series C Mandatory Convertible Preferred Stock is required to be remarkedeted prior to December 1, 2023, and each share, unless previously converted, will automatically convert to common stock based on a conversion rate on the mandatory conversion date, which is expected to be on or about March 1, 2024. The conversion rate will be determined based on the volume-weighted average share price of our common stock near the conversion date, subject to a minimum and maximum conversion rate. Prior to December 1, 2023, the Series C Mandatory Convertible Preferred Stock will not bear any dividends and the liquidation preference will not accrete. Following a successful remarketing, dividends may become payable on the Series C Mandatory Convertible Preferred Stock and/or the minimum conversion rate of the Series C Mandatory Convertible Preferred Stock may be increased. If no successful remarketing of the Series C Mandatory Convertible Preferred Stock has previously occurred, effective as of December 1, 2023, the conversion rate will be zero, no shares of our common stock will be delivered upon automatic conversion and each share of Series C Mandatory Convertible Preferred Stock will be automatically transferred to us on the mandatory conversion date without any payment of cash or shares of our common stock thereon. In the event of such a remarketing failure, any shares of Series C Mandatory Convertible Preferred Stock held as part of Corporate Units will be automatically delivered to us on December 1, 2023 in full satisfaction of the relevant holder's obligation under the related purchase contracts.

We pay quarterly contract adjustment payments at the rate of 7.75% per year on the stated amount of \$100 per Equity Unit. The contract adjustment payments are payable in cash, shares of our common stock or a combination thereof, at our election. The payment of contract adjustment payments may also be deferred until the purchase contract settlement date, December 1, 2023, at our election. If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments have been paid, we will not declare or pay any dividends on, or make any distributions on, or redeem, purchase or acquire, or make a liquidation payment with respect to, any shares of our capital stock; make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that rank on parity with, or junior to, the contract adjustment payments; or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments. As of September 30, 2023 and December 31, 2022 the purchase contract liability, net of issuance costs, was \$16.4 million and \$65.0 million, respectively. Purchase contract payments are recorded against this liability. Accretion of the purchase contract liability is recorded as interest expense. Cash payments of \$50.1 million were made during both nine month periods ended September 30, 2023 and 2022.

The Series C Mandatory Convertible Preferred Stock and forward purchase contracts are legally detachable and separately exercisable, however, due to within the economic linkage between the forward purchase contract and the Series C Mandatory Convertible Preferred Stock, we have concluded that the ability to separate the Corporate Units is non-substantive. Accordingly, we are accounting for the Corporate Units as a single unit of account. We recorded the initial present value of the purchase contract payments as a liability with a corresponding reduction to preferred stock. This liability is included in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. The LIFO basis exceeded the cost of replacing the current portion of stored gas by \$27.5 million and zero respectively, for the periods ended March 31, 2024 and December 31, 2023, for certain gas distribution companies recorded within "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).

Refer

10. Regulatory Matters

Renewable generation filings

In March 2024, NIPSCO filed a petition with the IURC to, Note 4, "Earnings Per Share," for additional information regarding our treatment after notice and hearing, issue an order modifying its November 22, 2023 order to approve direct ownership of the Equity Units Gibson Project. The hearing is scheduled for diluted EPS. Under June 2024 with a final order expected August 2024. In March 2024, NIPSCO also filed a petition with the IURC to, after notice and hearing, issue an order modifying its June 29, 2021 order to approve direct ownership of the Equity Units, assuming no anti-dilution or other adjustments such Fairbanks Project. The hearing is scheduled for July 2024 with a final order expected September of 2024.

WAM system filing

In March 2024, NIPSCO filed a petition with the IURC for authority to defer, as a fundamental change, regulatory asset, certain costs, including depreciation and amortization incurred in connection with improvements to its information technology systems through the maximum number design, development, and implementation of shares a new WAM program for the scheduling, dispatch, and execution of common stock we will issue under work and the purchase contracts is 35.2 million and maximum number management of shares of common stock we will issue under the Series C Mandatory Convertible Preferred Stock is 35.2 million. Had we settled the remaining purchase contract payment balance in shares at September 30, 2023, we would have issued approximately 0.6 million shares.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

6. Regulatory Matters

NIPSCO change in accounting estimate

As underlying assets. These improvements are part of our enterprise-wide transformation roadmap which seeks to optimize our field work. The petition also included the NIPSCO Gas Settlement and Stipulation Agreement filed on March 2, 2022, NIPSCO Gas agreed to change confirmation that the depreciation methodology WAM program assets, including the requested regulatory assets, will be included in NIPSCO's rate base for its calculation of depreciation rates, which reduces depreciation expense and subsequent revenues and cash flows. An order was received on July 27, 2022 approving ratemaking purposes in rate cases after the settlement and rates were effective as of September 1, 2022. As part of

the NIPSCO Electric base rate case and the Stipulation and Settlement Agreement filed on March 10, 2023, NIPSCO Electric agreed to change the depreciation methodology for its calculation of depreciation rates, which will reduce depreciation expense and subsequent revenues and cash flows. An order was received on August 2, 2023 approving the settlement, and rates were effective as of August 4, 2023. On October 11, 2023, the IURC issued an order clarifying how the rate increase should WAM assets have been implemented, holding that the new rates should have only applied to electric usage on or after August 4, 2023, and not placed in service. The hearing is scheduled for electric usage prior to that date for bills yet to be rendered. NIPSCO was ordered to make July 2024 with a filing reflecting the calculation of the refund to customers by November 10, 2023. The refund amount was reserved for an estimated \$12.4 million plus accrued interest. final order expected in August 2024.

Columbia of Ohio regulatory filing update

Columbia of Ohio's base rate case was filed on June 30, 2021, requesting a net rate increase of approximately 21.3% or \$221.4 million increase in revenue per year. The case was filed in conjunction with applications for an alternative rate plan, approval of certain deferral authority, and updates to certain riders. On October 31, 2022, Columbia of Ohio filed a joint stipulation and recommendation with certain parties to settle the base rate case. On January 26, 2023, the PUCO modified and approved the joint stipulation and recommendation, and Columbia of Ohio placed rates into effect on March 1, 2023. Applications for Rehearing were filed by the three parties who opposed certain rate design and energy efficiency assistance components of the joint stipulation and recommendation, which was granted for further consideration by the PUCO on March 22, 2023.

Regulatory deferral related to renewable energy investments

In accordance with the accounting principles of ASC 980, we recognize a regulatory liability or asset for amounts representing the timing difference between the profit earned from the JVs and the amount included in regulated rates to recover our approved investments in consolidated JVs. The amounts recorded in income will ultimately reflect the amount allowed in regulated rates to recover our investments over the useful life of the projects. The offset to the regulatory liability or asset associated with our renewable investments included in regulated rates is recorded in "Depreciation and amortization" on the Condensed Statements

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

of Consolidated Income (unaudited). NiSource recorded an increase to depreciation expense of \$3.5 million and a decrease to depreciation expense of \$19.0 million and \$9.7 \$4.4 million for the three and nine months ended September 30, 2023. We recorded a decrease to depreciation expense of \$2.2 million March 31, 2024 and an increase to depreciation expense of \$4.5 million respectively, for the three and nine months ended September 30, 2022, 2023, respectively. Following the implementation of the electric base rate case, we began recognizing amounts to recover our investments of projects that have been placed in service. Refer to Note 11, "Variable Interest Entities, 4, "Noncontrolling Interests," for additional information.

7.11. Risk Management Activities

We are exposed to certain risks relating to our ongoing business operations; namely commodity price risk and interest rate risk. We recognize that the prudent and selective use of derivatives may help to lower our cost of debt capital, manage our interest rate exposure and limit volatility in the price of natural gas.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

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

		September 30, 2023		December 31, 2022				March 31, 2024		March 31, 2024		December 31, 2023	
(in millions)	(in millions)	Assets	Liabilities	Assets	Liabilities	(in millions)	Assets	Liabilities	Assets	Liabilities	(in millions)	Assets	Liabilities
Current ⁽¹⁾	Current ⁽¹⁾												
Derivatives not designated as hedging instruments													
Derivatives not designated as hedging instruments													
Derivatives not designated as hedging instruments													
Derivatives not designated as hedging instruments													
Total	Total	\$ 3.7	\$ 1.8	\$ 18.8	\$ 1.1								
Noncurrent ⁽²⁾	Noncurrent ⁽²⁾												

Derivatives not designated as hedging instruments	Derivatives not designated as hedging instruments	\$ 34.7	\$ 1.4	\$ 66.0	\$ 1.9
Derivatives not designated as hedging instruments					
Derivatives not designated as hedging instruments					
Total	Total	\$ 34.7	\$ 1.4	\$ 66.0	\$ 1.9

⁽¹⁾Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Condensed Consolidated Balance Sheets (unaudited).

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

Our derivative instruments are subject to enforceable master netting arrangements or similar agreements. No collateral was either received or posted related to our outstanding derivative positions at **September 30, 2023** **March 31, 2024**. If the above gross asset and liability positions were presented net of amounts owed or receivable from counterparties, we would report a net asset position of **\$35.2 million** **\$9.7 million** and **\$81.8 million** **\$13.9 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

All gains and losses on derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through **NIPSCO's** **NIPSCO's and Columbia of Pennsylvania's** quarterly GCA mechanism. mechanisms.

Derivatives Not Designated as Hedging Instruments

Commodity price risk management. We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability on behalf of our customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts. At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we had **85.2** **86.0** MMDth and **99.0** **76.1** MMDth, respectively, of net energy derivative volumes outstanding related to our natural gas hedges.

NIPSCO has received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments and is limited to 20% of NIPSCO's average annual GCA purchase volume. As of **September 30, 2023** **March 31, 2024**, the remaining terms of these instruments range from one to **four** three years. Likewise, Columbia of Pennsylvania has received approval for a 24-month rolling hedge program. The hedging program was executed in December 2023, with an effective date of April 1, 2024 and will continue in perpetuity. The program is designed to financially hedge approximately 20% of the customer's annual demand. All gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through the relevant cost recovery mechanism.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table summarizes the gains and losses associated with the commodity price risk programs deferred as regulatory assets and liabilities:

	September (in millions)	December (in millions)	30, 2023	31, 2022	(in millions)	March 31, 2024	December 31, 2023
Regulatory Assets	Regulatory Assets						
Losses on commodity price risk programs	Losses on commodity price risk programs						
		\$ 15.6	\$ 10.0				
Losses on commodity price risk programs	Losses on commodity price risk programs						
Regulatory Liabilities	Regulatory Liabilities						

Gains on commodity price risk programs	Gains on commodity price risk programs	39.0	90.0
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Gains on commodity price risk programs

Gains on commodity price risk programs

Our derivative instruments measured at fair value as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 do not contain any credit-risk-related contingent features.

Derivatives Designated as Hedging Instruments

Interest rate risk management. As of March 31, 2024 and December 31, 2023 we had no active interest rate swap positions. The overall net gain related to our multiple of our settled interest rate swaps is recorded in AOCI. We amortize the net gain over the life of the debt associated with these swaps as we recognize interest expense. These amounts are immaterial for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 and are recorded in "Interest expense, net" on the Condensed Statements of Consolidated Income (unaudited). Amounts expected to be reclassified to earnings during the next twelve months are immaterial. See Note 16, "Accumulated Other Comprehensive Loss," for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

immaterial. Amortization will continue for 344 months. See Note 15, "Accumulated Other Comprehensive Loss," for additional information.

8.12. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

Recurring Fair Value Measurements	September 30, 2023 (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, 2023	Recurring Fair Value Measurements	March 31, 2024 (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, 2024
Assets	Assets					Assets	Assets				
Risk management assets		Risk management assets				Risk management assets		Risk management assets			
available-for-sale debt securities						available-for-sale debt securities					
available-for-sale debt securities						available-for-sale debt securities		available-for-sale debt securities			
available-for-sale debt securities						available-for-sale debt securities		available-for-sale debt securities			
Total	Total	\$	—	\$	200.3	Total	Total	\$	—	\$	200.3
Liabilities	Liabilities										

Risk management liabilities	Risk management liabilities	\$ —	\$ 3.2	\$ —	\$ 3.2				
Risk management liabilities									
Risk management liabilities									
Total									
	Total	\$ —	\$ 3.2	\$ —	\$ 3.2				
Quoted Prices in Significant									
Recurring Fair Value Measurements December 31, 2022 (in millions)									
Active Markets for Identical Assets (Level 1)		Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)					
Balance as of December 31, 2022									
Recurring Fair Value Measurements December 31, 2023 (in millions)									
Quoted Prices in Significant									
Recurring Fair Value Measurements December 31, 2023 (in millions)									
Active Markets for Identical Assets (Level 1)		Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)					
Balance as of December 31, 2023									
Assets									
Risk management assets									
Risk management assets									
Available-for-sale debt securities									
Available-for-sale debt securities									
Available-for-sale debt securities									
Total									
	Total	\$ —	\$ 236.4	\$ —	\$ 236.4				
Liabilities									
Risk management liabilities									
Risk management liabilities									
Total									
	Total	\$ —	\$ 3.0	\$ —	\$ 3.0				

Risk Management Assets and Liabilities. Risk management assets and liabilities include exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts.

Level 1- When utilized, exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. These financial assets and liabilities are deemed to be cleared and settled daily by NYMEX as the related cash collateral is posted with the exchange. As a result of this exchange rule, NYMEX derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and are subject to future commodity price fluctuations until they are settled in accordance with their contractual terms.

Level 2- Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. We use a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

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

market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2.

Table of Contents**ITEM 1. FINANCIAL STATEMENTS (continued)****NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Level 3- Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3.

Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements that reduce exposures. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

NIPSCO **has and Columbia of Pennsylvania have** entered into long-term forward natural gas purchase instruments to lock in a fixed price for **its** natural gas customers. We value these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information, see Note **7** **11**, "Risk Management Activities."

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly owned insurance company. We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2.

Our available-for-sale debt securities impairments are recognized periodically using an allowance approach. At each reporting date, we utilize a quantitative and qualitative review process to assess the impairment of available-for-sale debt securities at the individual security level. For securities in a loss position, we evaluate our intent to sell or whether it is more-likely-than-not that we will be required to sell the security prior to the recovery of its amortized cost. If either criteria is met, the loss is recognized in earnings immediately, with the offsetting entry to the carrying value of the security. If both criteria are not met, we perform an analysis to determine whether the unrealized loss is related to credit factors. The analysis focuses on a variety of factors that include, but are not limited to, downgrade on ratings of the security, defaults in the current reporting period or projected defaults in the future, the security's yield spread over treasuries, and other relevant market data. If the unrealized loss is not related to credit factors, it is included in other comprehensive income. If the unrealized loss is related to credit factors, the loss is recognized as credit loss expense in earnings during the period, with an offsetting entry to the allowance for credit losses. The amount of the credit loss recorded to the allowance account is limited by the amount at which the security's fair value is less than its amortized cost basis. If certain amounts recorded in the allowance for credit losses are deemed uncollectible, the allowance on the uncollectible portion will be charged off, with an offsetting entry to the carrying value of the security. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we have **\$0.9 million** **\$0.4 million** and **\$0.9 million** **\$0.6 million**, respectively, recorded as an allowance for credit losses on available-for-sale debt securities as a result of the analysis described above. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

Table of Contents**ITEM 1. FINANCIAL STATEMENTS (continued)****NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were:

September 30, 2023 (in millions)	Gross					Fair
	Amortized Cost	Gains	Unrealized Losses ⁽¹⁾	Unrealized Losses ⁽¹⁾	Allowance for Credit Losses	
March 31, 2024 (in millions)						March 31, 2024 (in millions)
Available-for-sale debt securities	Available-for-sale debt securities					Amortized Cost
U.S. Treasury debt securities	U.S. Treasury debt securities					Unrealized Gains
U.S. Treasury debt securities	U.S. Treasury debt securities					Unrealized Losses ⁽¹⁾
U.S. Treasury debt securities	U.S. Treasury debt securities	\$ 69.0	\$ —	\$ (5.0)	\$ —	\$ 64.0
Corporate/Other debt securities	Corporate/Other debt securities	109.2	—	(10.4)	(0.9)	97.9
Total	Total	\$ 178.2	\$ —	\$ (15.4)	\$ (0.9)	\$161.9

	Gross Amortized Cost	Gross Unrealized Gains	Allowance Unrealized Losses ⁽²⁾	Fair Value
December 31, 2022 (in millions)				
December 31, 2023 (in millions)				
December 31, 2023 (in millions)				
	Gross Amortized Cost	Gross Unrealized Gains	Allowance Unrealized Losses ⁽²⁾	Fair Value
December 31, 2023 (in millions)				
Available-for-sale debt securities				
U.S. Treasury debt securities				
U.S. Treasury debt securities				
U.S. Treasury debt securities	\$ 67.7	\$ (4.5)	\$ 63.2	
Corporate/Other debt securities	99.0	(9.7)	(0.9)	88.4
Total	Total	\$ 166.7	\$ (14.2)	\$ (0.9) \$151.6

⁽¹⁾Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$59.2 million \$58.8 million and \$92.3 million \$72.7 million, respectively, at September 30, 2023 March 31, 2024.

⁽²⁾Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is \$61.0 million \$58.7 million and \$85.5 million \$74.8 million, respectively, at December 31, 2022 December 31, 2023.

The cost of maturities sold is based upon specific identification. Realized gains and losses on available-for-sale securities were \$0.6 \$0.4 million at September 30, 2023. Realized gains and losses on available-for-sale securities were immaterial at December 31, 2022.

At September 30, 2023, approximately \$11.9 million of U.S. Treasury debt securities for the three months ended March 31, 2024 and approximately \$3.1 million of Corporate/Other debt securities have maturities of less than a year. 2023, respectively.

Non-recurring Fair Value Measurements

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

Purchase Contract Liability. At April 19, 2021, we recorded the purchase contract liability at fair value using a discounted cash flow method and observable, market-corroborated inputs. This estimate was made at April 19, 2021, and will not be remeasured at each subsequent balance sheet date. It has been categorized within Level 2 of the fair value hierarchy. Refer to Note 5, "Equity," for additional information.

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

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

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. As of September 30, 2023 March 31, 2024, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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

(in millions)	Carrying Amount as of September 30, 2023 (in millions)	Estimated Fair Value as of September 30, 2023	Carrying Amount as of December 31, 2022	Estimated Fair Value as of December 31, 2022	Carrying Amount as of March 31, 2024 (in millions)	Estimated Fair Value as of March 31, 2024	Carrying Amount as of December 31, 2023	Estimated Fair Value as of December 31, 2023
Long-term debt (including current portion)	Long-term debt (including current portion)	Long-term debt (including current portion)	Carrying Amount as of December 31, 2022	Estimated Fair Value as of December 31, 2022	Carrying Amount as of March 31, 2024 (in millions)	Estimated Fair Value as of March 31, 2024	Carrying Amount as of December 31, 2023	Estimated Fair Value as of December 31, 2023
	\$ 11,038.1	\$ 9,589.2	\$ 9,553.6	\$ 8,479.4				

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

13. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2023/2024 and 2022/2023 applied to year-to-date pretax income, adjusted for tax expense associated with certain discrete items. These adjustments have a relative impact on the effective tax rate proportionally to pretax income or loss. The effective tax rates for the three months ended September 30, 2023/March 31, 2024 and 2022/2023 were 3.7%/16.0% and 15.6%, respectively. The effective tax rates for the nine months ended September 30, 2023 and 2022 were 17.7% and 17.9%/20.3%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to renewable partnership income, amortization of excess deferred federal income tax liabilities, as specified in the TCJA, tax credits, state flow through, and other permanent book-to-tax differences.

The decrease in the three month effective tax rate of 11.9%/4.3% in 2023/2024 compared to 2022/2023 is primarily attributed to decreases in the lower renewable partnership income, partially jurisdictional mix of pre-tax book income, offset by lower amortization of excess deferred federal income tax liabilities.

The decrease in the nine month effective tax rate of 0.2% in 2023 compared to 2022 is primarily attributed to the jurisdictional mix of pre-tax book income.

As of September 30, 2023/March 31, 2024, there have been no material changes to our unrecognized tax benefits or possible changes that could reasonably be expected to occur during the next twelve months. See Note 11/15 to the Company's Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2022/December 31, 2023, for a discussion of these unrecognized tax benefits.

10.14. Pension and Other Postemployment Benefits

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

For the nine/three months ended September 30, 2023, March 31, 2024 and 2023, we contributed \$2.6 million/\$0.7 million and \$1.2 million, respectively to our pension plans and \$16.7 million/\$5.4 million and \$5.6 million, respectively to our OPEB plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three and nine months ended September 30, 2023/March 31, 2024 and 2022/2023:

	Pension Benefits			OPEB
Three Months Ended				
September 30, (in millions)	2023	2022	2023	2022
	Pension Benefits			
	Pension Benefits			
	Pension Benefits			OPEB
Three Months Ended March 31, (in millions)				
Ended March 31, (in millions)				2024
				2023
Components of Net Periodic Benefit Cost ⁽¹⁾	Components of Net Periodic Benefit Cost ⁽¹⁾			2024
Service cost	Service cost	\$ 5.1	\$ 6.8	\$ 1.3
Service cost	Service cost			\$ 1.6
Interest cost	Interest cost	17.1	10.7	5.4
Expected return on assets	Expected return on assets	(23.6)	(22.6)	(3.8)
				(4.0)

Amortization of prior service credit	Amortization of prior service credit	—	—	(0.5)	(0.6)
Recognized actuarial loss	Recognized actuarial loss	8.4	5.6	0.8	0.7
Settlement loss	Settlement loss	7.4	3.0	—	—

Total Net Periodic Benefit Cost

Total Net Periodic Benefit Cost

Total Net Periodic Benefit Cost	Total Net Periodic Benefit Cost	\$ 14.4	\$ 3.5	\$ 3.2	\$ 0.7
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⁽¹⁾The service cost component and all non-service cost components of net periodic benefit (income) cost are presented in "Operation and maintenance" and "Other, net," respectively, on the Condensed Statements of Consolidated Income (unaudited).

	Pension Benefits		OPEB	
Nine Months Ended September 30, (in millions)	2023	2022	2023	2022
Components of Net Periodic Benefit Cost⁽¹⁾				
Service cost	\$ 15.3	\$ 20.9	\$ 3.9	\$ 4.8
Interest cost	51.3	29.9	16.3	9.0
Expected return on assets	(70.8)	(68.3)	(11.4)	(12.0)
Amortization of prior service credit	—	—	(1.5)	(1.8)
Recognized actuarial loss	25.2	14.9	2.4	2.1
Settlement loss	7.5	9.3	—	—
Total Net Periodic Benefit Cost	\$ 28.5	\$ 6.7	\$ 9.7	\$ 2.1

⁽¹⁾The service cost component and all non-service cost components of net periodic benefit (income) cost are presented in "Operation and maintenance" and "Other, net," respectively, on the Condensed Statements of Consolidated Income (unaudited).

During the third quarter of 2023, the requirements for settlement accounting were met for two of our pension plans, resulting in a settlement charge of \$7.4 million for the three months ended September 30, 2023, and \$7.5 million for the nine months ended September 30, 2023.

11. Variable Interest Entities

A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. NIPSCO owns and operates two wind facilities, Rosewater and Indiana Crossroads Wind, which have 102 MW and 302 MW of nameplate capacity, respectively. NIPSCO also owns two solar facilities, Indiana Crossroads Solar and Dunns Bridge I, which went into service in June 2023, with a combined 465 MW of nameplate capacity. During August 2023, NIPSCO and the tax equity partner made final cash contributions in accordance with the equity capital contribution agreement. In August 2023, Indiana Crossroads Solar and Dunns Bridge I reached substantial completion, resulting in NIPSCO making a combined \$307.2 million in developer payments. We control decisions that are significant to these entities' ongoing operations and economic results. Therefore, we have concluded that NIPSCO is the primary beneficiary and have consolidated all four entities.

Members of each respective JV include NIPSCO (who is the managing member) and a tax equity partner. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the tax equity partner in varying percentages by category and over the life of the partnership. NIPSCO and each tax equity partner contributed cash to each JV. For the two wind facilities, NIPSCO assumed an obligation to the developers of each facility, representing the remaining economic interest. NIPSCO resolved this obligation by acquiring the developers' economic interests in June 2023 for \$389.2 million. Once the tax equity partner has earned their negotiated rate of return and have reached a stated contractual date, NIPSCO has the option to purchase

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

the remaining interest in the respective JV, at fair market value from the tax equity partner. NIPSCO has an obligation to purchase 100% of the electricity generated by our in service JVs.

We did not provide any financial or other support during the quarter that was not previously contractually required, nor do we expect to provide such support in the future.

Our Condensed Consolidated Balance Sheets (unaudited) included the following assets and liabilities associated with VIEs.

(in millions)	September 30, 2023	December 31, 2022
Net Property, Plant and Equipment	\$ 1,338.6	\$ 978.5
Current assets	65.5	25.7
Total assets ⁽¹⁾	1,404.1	1,004.2
Current liabilities	41.0	128.2
Asset retirement obligations	55.0	30.6
Total liabilities	\$ 96.0	\$ 158.8

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

12. Long-Term Debt

On March 24, 2023, we completed the issuance and sale of \$750.0 million of 5.25% senior unsecured notes maturing in 2028, which resulted in approximately \$742.2 million of net proceeds after discount and debt issuance costs.

On June 8, 2023, we completed the issuance and sale of an additional \$300.0 million of 5.25% senior unsecured notes maturing in 2028 (the "2028 Notes"). The terms of the 2028 Notes, other than the issue date and the price to the public, are identical to the terms of, and constitute as a reopening of, our 5.25% senior unsecured notes due 2028 issued on March 24, 2023. With the incremental issuance, we now have \$1.05 billion of 5.25% senior unsecured notes maturing in 2028. On June 8, 2023, we also completed the issuance and sale of \$450.0 million of 5.40% senior unsecured notes maturing in 2033. These issuances resulted in approximately \$742.5 million of total net proceeds after discount and debt issuance costs.

13. Short-Term Borrowings

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

Revolving Credit Facility. We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of \$1.85 billion and is comprised of a syndicate of banks. We had no outstanding borrowings under this facility as of September 30, 2023 and December 31, 2022.

Commercial Paper Program. Our commercial paper program has a program limit of up to \$1.5 billion. We had \$935.0 million and \$415.0 million of commercial paper outstanding with weighted-average interest rates of 5.58% and 4.60% as of September 30, 2023 and December 31, 2022, respectively.

Accounts Receivable Transfer Programs. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly owned and consolidated special purpose entities. The three agreements expire between May 2024 and October 2024 and may be further extended if mutually agreed to by the parties thereto.

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of September 30, 2023, the maximum amount of debt that could be borrowed related to our accounts receivable programs was \$295.6 million.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

We had \$285.0 million and \$347.2 million of short-term borrowings related to the securitization transactions as of September 30, 2023 and December 31, 2022, respectively.

For the nine months ended September 30, 2023, \$62.2 million was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the nine months ended September 30, 2022, \$318.2 million was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were \$0.5 million and \$0.7 million for the three months ended September 30, 2023 and 2022, respectively and \$2.1 million and \$1.7 million for the nine months ended September 30, 2023 and 2022, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

Term Credit Agreement. On December 20, 2022, we entered into a \$1.0 billion term credit agreement with a syndicate of banks. On October 5, 2023, we entered into an amendment with the syndicate of banks to, among other things, extend the maturity date of the agreement from December 19, 2023 to March 15, 2024. With the amendment, we triggered extinguishment accounting and will record an immaterial loss on extinguishment of debt in the fourth quarter of 2023. Interest charged on the borrowings depends on the variable rate structure elected at the time of each borrowing. The available variable rate structures from which we can choose are defined in the agreement. Under the agreement,

we borrowed \$1.0 billion on December 20, 2022 with an interest rate of SOFR plus 105 basis points. We had \$1.0 billion outstanding under this agreement with interest rates of 6.37% and 5.37% as of September 30, 2023 and December 31, 2022, respectively.

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

14.15. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we had issued stand-by letters of credit of \$9.9 million and \$10.2 million, respectively, for the benefit of third parties.

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, our guarantees for multiple BTAs totaled \$642.4 million \$672.3 million and \$841.6 million \$646.1 million, respectively. The amount of each guaranty will fluctuate decrease upon the substantial completion of the various steps outlined in each BTA construction of the facilities. See "- D. Other Matters - Generation Transition," below for more information.

B. Legal Proceedings. Due From time to time, various legal and regulatory claims and proceedings are pending or threatened against the **inherent uncertainty** Company and its subsidiaries. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company establishes reserves whenever it believes it to be appropriate for pending litigation **there can be no assurance that** matters. However, the **resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our actual results of operations, financial position or liquidity.** resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

Private Actions. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover, and North Andover, Massachusetts related **Due to the delivery inherent uncertainty of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident").** There continue to **litigation, there can be asserted wrongful death and bodily injury** claims as it relates to the Greater Lawrence Incident. We continue to discuss potential settlements with remaining claimants. The outcomes and impacts of such private actions are uncertain at this time.

FERC Investigation. In April 2022, NIPSCO was notified **no assurance** that the **FERC Office** **resolution of Enforcement ("OE")** is conducting an **any particular claim, proceeding or investigation would not have a material adverse effect on our results of an industrial customer for allegedly manipulating the MISO Demand Response ("DR") market.** The customer and NIPSCO are cooperating with the investigation. It is probable that the OE will require the customer to repay certain DR revenues received from MISO, and will require NIPSCO to disgorge administrative fees and foregone margin charges that NIPSCO collected pursuant to its own IURC-approved tariff. The investigation remains ongoing. NIPSCO currently estimates the maximum amount of its disgorgement exposure to be \$7.7 million which will be returned to customers. As of September 30, 2023, NIPSCO expects to recover more than 50% of that amount **operations, financial position or liquidity.**

Other Legal Claims and Proceedings. We are also party to other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, **none** and based upon an investigation of **which these matters and discussion with legal counsel,** we believe **the ultimate outcome of such other legal proceedings to be individually, or in aggregate, not material at this time.**

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our operations.

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

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we had recorded a liability of \$82.7 million \$77.8 million and \$86.5 million \$80.0 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities and deferred credits" in the Condensed Consolidated Balance Sheets (unaudited). We recognize costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures

depend on many factors, including laws and regulations, the nature and extent of impact and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under CERCLA and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. At this time, we cannot estimate the full cost of remediating properties that have not yet been investigated, but it is possible that the future costs could be material to the Condensed Consolidated Financial Statements (unaudited).

MGP. We maintain a program to identify and investigate former MGP sites where **Gas Distribution Operations** our subsidiaries or predecessors may have liability. The program has identified 53 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We completed complete an annual refresh of the model in the second quarter. No material changes to the estimated future remediation costs were noted as a result quarter of an internal quarterly review of environmental reserves completed as of September 30, 2023, each fiscal year. Our total estimated liability related to the facilities subject to remediation was \$77.7 million \$72.8 million and \$81.0 million \$73.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. Our model indicates that it is reasonably possible that remediation costs could vary by as much as \$15.1 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.

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

CCRs. NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The **current CCR rule requirements currently in effect** required revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used and the preliminary nature of available data used to estimate costs. As allowed by the rule, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. **On April 25, 2024 new EPA rules have been issued and we are evaluating the potential impact on our business.**

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

D. Other Matters.

Generation Transition. NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Each facility supplying the energy will have an associated nameplate capacity, and payments under the PPAs will not begin until the associated generation facility is constructed by the owner/seller. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. NIPSCO has received IURC approval for all of its BTAs and PPAs. In addition to IURC approval, NIPSCO's purchase obligation under each respective BTA the BTAs is dependent on satisfactory approval of the BTA by the IURC and timely completion of construction, construction and for certain BTAs successful execution by NIPSCO and the of an agreement with a tax equity partner, where applicable, for each respective BTA, are obligated to make cash contributions to acquire the project at the date construction is substantially complete. partner. Certain BTA agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones.

Proposed Sale **With respect to BTAs for which tax equity partnerships are utilized, NIPSCO and the tax equity partner are obligated to make cash contributions to the JV that acquires project at the date construction is substantially complete. Once the tax equity partner has earned its negotiated rate of 19.9% Equity Interest return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value the remaining interest in Northern Indiana Public Service Company LLC.** the JV from the tax equity partner. On **June 17, 2023** January 17, 2024, NiSource the IURC approved the full ownership of Cavalry and our wholly-owned subsidiary, NIPSCO Holdings II LLC, a Delaware limited liability company ("NIPSCO Holdings II"), entered into a purchase and sale agreement (the "BIP Purchase Agreement") with BIP BLUE BUYER L.L.C., an affiliate of BIP. NIPSCO Holdings II is the 100% owner of all issued and outstanding membership interests of NIPSCO. NIPSCO Holdings II is a wholly-owned subsidiary of NIPSCO Holdings I LLC ("NIPSCO Holdings I"), which is a wholly-owned subsidiary of NiSource. Under the terms of the BIP Purchase Agreement, BIP will acquire newly issued membership interests of NIPSCO Holdings Dunn's Bridge II which will represent a 19.9% allow those BTAs to be executed through direct ownership. In March 2024, we filed with the IURC to modify the ownership structure for Gibson and Fairbanks solar projects to become fully owned projects and to modify the cost of the Fairbanks project as contemplated in the contractual actions. On March 18, 2024, Cavalry achieved mechanical completion, resulting in NIPSCO Holdings II at closing, for making a purchase price of \$2.150 billion in cash, subject to adjustment based on the timing of closing and the amount of NiSource capital contributions made prior to closing (the "NIPSCO Minority Equity Interest Sale"). At the closing of the NIPSCO Minority Equity Interest Sale, through their respective percentage ownership of NIPSCO Holdings II, NiSource will own an 80.1% controlling interest in NIPSCO, while BIP will own the remaining 19.9% non-controlling interest. The parties currently expect for the NIPSCO Minority Equity Interest Sale to close by

the end of 2023. The closing of the NIPSCO Minority Equity Interest Sale is subject to \$110.6 million payment to the satisfaction of certain customary closing conditions described in the BIP Purchase Agreement, including receipt of authorization by FERC. FERC approval was received on October 19, 2023. developer.

16. Accumulated Other Comprehensive Loss

The BIP Purchase Agreement may be terminated: (i) by mutual written consent following tables display the components of the parties; (ii) by either party if the closing has not occurred on or before one year after the effective date Accumulated Other Comprehensive Loss, net of the BIP Purchase Agreement; (iii) by BIP or NiSource, as the case may be, prior to the closing upon certain material breaches or failures to perform any tax.

(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, 2024	\$ (7.3)	\$ (12.8)	\$ (13.5)	\$ (33.6)
Other comprehensive loss before reclassifications	(0.6)	(0.2)	(0.1)	(0.9)
Amounts reclassified from accumulated other comprehensive loss	0.3	0.1	0.3	0.7
Net current-period other comprehensive income (loss)	(0.3)	(0.1)	0.2	(0.2)
Balance as of March 31, 2024	\$ (7.6)	\$ (12.9)	\$ (13.3)	\$ (33.8)

⁽¹⁾All amounts are net of the representations, warranties, covenants or agreements by the other party; or (iv) by either party prior to the closing tax. Amounts in the event parentheses indicate debits.

(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, 2023	\$ (11.2)	\$ (12.6)	\$ (13.3)	\$ (37.1)
Other comprehensive income (loss) before reclassifications	1.7	—	—	1.7
Amounts reclassified from accumulated other comprehensive loss	0.3	0.1	0.3	0.7
Net current-period other comprehensive income (loss)	2.0	0.1	0.3	2.4
Balance as of March 31, 2023	\$ (9.2)	\$ (12.5)	\$ (13.0)	\$ (34.7)

⁽¹⁾All amounts are net of a final and non-appealable law or order restraining, enjoining or otherwise prohibiting the closing tax. Amounts in any competent jurisdiction. parentheses indicate debits.

The BIP Purchase Agreement prohibits NIPSCO and NIPSCO Holdings II from paying any dividends or similar distributions to NiSource prior to the closing of the NIPSCO Minority Equity Interest Sale.

Pursuant to the terms of the BIP Purchase Agreement, at closing of the NIPSCO Minority Equity Interest Sale, BIP, NIPSCO Holdings I, NIPSCO Holdings II and NiSource will enter into an Amended and Restated Limited Liability Company Operating Agreement (the "Holdings II LLC Agreement"). The Holdings II LLC Agreement, among other things, provides for ongoing governance, exit rights, additional capital contributions, distributions, and other arrangements for NIPSCO Holdings II from and after the closing of the NIPSCO Minority Equity Interest Sale. As part of the NIPSCO Minority Equity Interest Sale, BIP is committed to funding its pro rata share of ongoing capital requirements, which is supported by a \$250 million equity commitment letter. Upon the closing of the NIPSCO Minority Equity Interest Sale, the board of directors of NIPSCO Holdings II (the "Holdings II Board") will consist of seven directors. The Holdings II LLC Agreement will allow BIP to appoint at least two directors to the Holdings II Board so long as BIP holds at least a 17.5% Percentage Interest (as defined in the Holdings II LLC Agreement). The Holdings II LLC Agreement also contains certain investor protections, including, among other things, requiring BIP approval for NIPSCO Holdings II to take certain major actions. In addition, the Holdings II LLC Agreement will contain certain transfer restrictions and other transfer rights and obligations applicable to both BIP and NiSource.

NiSource intends to use the proceeds from the purchase price and future capital contributions by BIP to support NIPSCO's capital expenditure plans for serving customers, reduce NiSource's debt and fund ongoing capital needs associated with the renewable generation transition.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

15. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss, net of tax:

(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, 2023	\$ (10.4)	\$ (12.7)	\$ (12.7)	\$ (35.8)
Other comprehensive loss before reclassifications	(1.7)	(0.4)	(0.1)	(2.2)

Amounts reclassified from accumulated other comprehensive loss	—	0.3	0.8	1.1
Net current-period other comprehensive income (loss)	(1.7)	(0.1)	0.7	(1.1)
Balance as of September 30, 2023	\$ (12.1)	\$ (12.8)	\$ (12.0)	\$ (36.9)

(a)All amounts are net of tax. Amounts in parentheses indicate debits.

(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, 2023	\$ (11.2)	\$ (12.6)	\$ (13.3)	\$ (37.1)
Other comprehensive income (loss) before reclassifications	(1.4)	(0.4)	0.2	(1.6)
Amounts reclassified from accumulated other comprehensive loss	0.5	0.2	1.1	1.8
Net current-period other comprehensive income (loss)	(0.9)	(0.2)	1.3	0.2
Balance as of September 30, 2023	\$ (12.1)	\$ (12.8)	\$ (12.0)	\$ (36.9)

(a)All amounts are net of tax. Amounts in parentheses indicate debits.

(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, 2022	\$ (7.5)	\$ (19.5)	\$ (8.8)	\$ (35.8)
Other comprehensive income (loss) before reclassifications	(4.6)	16.2	—	11.6
Amounts reclassified from accumulated other comprehensive loss	0.1	—	0.6	0.7
Net current-period other comprehensive income (loss)	(4.5)	16.2	0.6	12.3
Balance as of September 30, 2022	\$ (12.0)	\$ (3.3)	\$ (8.2)	\$ (23.5)

(a)All amounts are net of tax. Amounts in parentheses indicate debits.

(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, 2022	\$ 2.1	\$ (122.5)	\$ (6.4)	\$ (126.8)
Other comprehensive income (loss) before reclassifications	(14.4)	119.1	(3.3)	101.4
Amounts reclassified from accumulated other comprehensive loss	0.3	0.1	1.5	1.9
Net current-period other comprehensive income (loss)	(14.1)	119.2	(1.8)	103.3
Balance as of September 30, 2022	\$ (12.0)	\$ (3.3)	\$ (8.2)	\$ (23.5)

(a)All amounts are net of tax. Amounts in parentheses indicate debits.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

16. Other, Net

The following table displays the components of Other, Net included on the Condensed Statements of Consolidated Income (unaudited):

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest income	\$ 2.7	\$ 2.1	\$ 6.3	\$ 3.6
AFUDC equity	6.0	4.0	15.2	11.0
Pension and other postretirement non-service benefit (cost)	(9.8)	5.3	(18.2)	17.6
Miscellaneous	(0.5)	(1.3)	(1.4)	(2.2)
Total Other, net	\$ (1.6)	\$ 10.1	\$ 1.9	\$ 30.0

17. Business Segment Information

Our reportable segments reflect the manner in which our business is managed, and our resources are allocated. Following the consummation of the NIPSCO Minority Interest Transaction, the funding and strategic management was revised to evaluate operating performance at the state level. Refer to Note 4, "Noncontrolling Interests," for additional

information on the NIPSCO Minority Interest Transaction. Our operations are divided into now evaluated through two primary reportable segments, Columbia Operations and NIPSCO Operations. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations includes the results of NIPSCO Holdings I and the Electric Operations segments. its majority-owned subsidiaries, including NIPSCO, which has fully regulated gas and electric operations in Northwest Indiana.

The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating a reportable segment, are presented as "Corporate and Other" and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues. The following table provides information about our reportable segments. We use Our CODM uses operating income as our the primary measurement for each of the reported segments and make 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.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 528.5	\$ 572.4	\$ 2,722.6	\$ 2,750.2
Intersegment	3.0	3.1	9.2	9.4
Total	531.5	575.5	2,731.8	2,759.6
Electric Operations				
Unaffiliated	498.7	516.3	1,360.2	1,383.5
Intersegment	0.4	0.2	0.7	0.6
Total	499.1	516.5	1,360.9	1,384.1
Corporate and Other				
Unaffiliated	0.2	0.8	0.6	12.3
Intersegment	121.7	115.3	361.2	349.5
Total	121.9	116.1	361.8	361.8
Eliminations	(125.1)	(118.6)	(371.1)	(359.5)
Consolidated Operating Revenues	\$ 1,027.4	\$ 1,089.5	\$ 4,083.4	\$ 4,146.0
Operating Income (Loss)				
Gas Distribution Operations	\$ 52.2	\$ 33.4	\$ 614.5	\$ 624.8
Electric Operations	175.8	123.3	307.3	295.1
Corporate and Other	5.0	—	11.1	(19.6)
Consolidated Operating Income	\$ 233.0	\$ 156.7	\$ 932.9	\$ 900.3

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

[NiSource Inc.](#)

[Notes to Condensed Consolidated Financial Statements \(unaudited\) \(continued\)](#)

(in millions)	Three Months Ended March 31,	
	2024	2023
Operating Revenues		
Columbia Operations		
Unaffiliated	\$ 953.7	\$ 1,048.9
Intersegment	3.2	3.0
Total	956.9	1,051.9
NIPSCO Operations		
Unaffiliated	752.4	916.9

Intersegment	0.3	0.3
Total	752.7	917.2
Corporate and Other		
Unaffiliated	0.2	0.2
Intersegment	139.9	116.7
Total	140.1	116.9
Eliminations	(143.4)	(120.0)
Consolidated Operating Revenues	\$ 1,706.3	\$ 1,966.0
Operating Income		
Columbia Operations	\$ 362.0	\$ 351.8
NIPSCO Operations	216.4	177.0
Corporate and Other	5.0	2.2
Consolidated Operating Income	\$ 583.4	\$ 531.0

The following table provides information about the assets of our reportable segments included in the Condensed Consolidated Balance Sheet (unaudited):

(in millions)	March 31, 2024	December 31, 2023
Assets		
Columbia Operations	\$ 13,789.8	\$ 13,664.5
NIPSCO Operations	14,221.0	13,962.6
Corporate and Other	1,327.3	3,450.1
Consolidated Assets	\$ 29,338.1	\$ 31,077.2

Information about our reportable segments for the three months ended March 31, 2023, as well as for the period ended December 31, 2023 has been recast to align with the current year's presentation.

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[ITEM 1. FINANCIAL STATEMENTS \(continued\)](#)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Other, Net

The following table displays the components of Other, Net included on the Condensed Statements of Consolidated Income (unaudited):

(in millions)	Three Months Ended March 31,	
	2024	2023
Interest income	\$ 2.5	\$ 1.8
AFUDC equity	11.3	4.8
Pension and other postretirement non-service benefit (cost)	(2.2)	(3.5)
Miscellaneous	(2.4)	(1.6)
Total Other, net	\$ 9.2	\$ 1.5

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

NiSource Inc.

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

NiSource Inc.

EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("Management's Discussion") includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended [December 31, 2022](#) [December 31, 2023](#).

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose utility subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. We generate substantially all of our operating income through these rate-regulated businesses, which are summarized for financial reporting purposes into two primary reportable segments: [Gas Distribution Columbia](#) Operations and [Electric NIPSCO](#) Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 "Note 17, "Business Segment Information," for further discussion of our regulated utility business segments.

Our goal is to develop strategies that benefit all stakeholders as we (i) focus on long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) address changing customer [conservation patterns](#), [energy demand](#). These strategies focus on improving safety and reliability, enhancing customer experience, pursuing regulatory and legislative initiatives to increase accessibility for customers currently not on our gas and electric service, ensuring customer affordability and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our [top priority](#), [focus](#). Serving as a guiding practice for our SMS, NiSource is certified in conformance to the American Petroleum Institute Recommended Practice 1173, which is the foundation to our journey towards operational excellence. Additionally, we [We also made advancements in key strategic initiatives, described in further detail below.](#)

Energy Transition: We continue to pursue regulatory [advance our energy transition strategy, primarily through the continuation and legislative initiatives that will allow residential customers not currently on our system to obtain gas service in a cost effective manner.](#)

Your Energy, Your Future: Our plan to replace our coal enhancement of existing programs, such as retiring and replacing remaining coal-fired electric generation [capacity by the end of 2028 with primarily renewable resources, a balanced mix of low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak detection and repair](#). Our electric generation transition, initiated through [our the NIPSCO 2018 Integrated Resource Plan \("2018 Plan"\)](#), is well underway, and we are continually adjusting to the dynamic [renewable energy landscape](#). We achieved in service status in June 2023 As of March 31, 2024, we have executed and substantial completion in August 2023 received IURC approval for our first two BTAs and PPAs for wind, solar BTA's, and solar plus storage projects, with a combined nameplate capacity of 1,950 MW and 1,400 MW, respectively, under the 2018 Plan. We have also taken contractual actions on a number of our other renewable projects to address the timing of these projects as well as consider the broad market issues facing the industry. We remain on track to retire R.M Schahfer's remaining two coal units by the end of 2025. On [January 1, 2023](#) [January 17, 2024](#), the IURC approved full ownership of the Cavalry and Dunns Bridge II projects, allowing NIPSCO to leverage provisions of the [IRA became effective](#). As a result [Inflation Reduction Act](#) passed in 2022, to monetize renewable tax credits more effectively. Full ownership of these projects provide enhanced benefits to customers as compared to the [IRA](#), previous tax equity partnership structure approved by the IURC. In March 2024, we have made a filing filed with the IURC to [fully-own two BTA](#) modify the ownership structure for Gibson and Fairbanks solar projects to become fully owned projects and to modify the cost of the Fairbanks project as contemplated in lieu of utilizing tax equity partnerships, and we the contractual actions referenced above. We are evaluating continuing to evaluate the impact of this legislation on our remaining projects, with potential to drive increased value to customers as part of our expansion of renewable projects and generation transition strategy. For additional information, see "Results and Discussion of Segment Operations - [Electric NIPSCO](#) Operations," in this Management's Discussion.

In 2021, we announced and filed with the IURC the Preferred Energy Resource Plan associated with our 2021 Integrated Resource Plan ("2021 Plan"). The 2021 Plan [lays out a timeline affirms plans](#) to retire the coal unit at the Michigan City Generating Station by the end of 2028. The 2021 Plan calls for the replacement of the retiring units with a diverse portfolio of resources including demand side management resources, incremental solar, stand-alone energy storage and upgrades to existing facilities at the Sugar Creek Generating Station, among other steps. Additionally, the 2021 Plan calls for a new natural gas peaking [unit facility](#) to replace existing vintage gas peaking [units facilities](#) at the R.M. Schahfer Generating Station to support system reliability and resiliency, as well as and upgrades to the [electric transmission system](#) to enhance our [electric generation transition](#). In September of 2023, we filed a request for issuance of a certificate of public convenience and necessity for an approximately 400 MW natural gas peaking

generation unit facility with the IURC. The planned retirement of the two vintage gas peaking units facilities at the R.M. Schahfer Generating Station is also expected to occur by the end of 2028. Final retirement dates for these units, as well as Michigan City, will be subject to MISO approval.

NIPSCO Minority Equity Interest Sale: On June 17, 2023, NiSource and our wholly-owned subsidiary, NIPSCO Holdings II, entered into the BIP Purchase Agreement with an affiliate of BIP, pursuant to which BIP will acquire an indirect 19.9 percent equity interest in NIPSCO. Refer to Note 14, "Other Commitments and Contingencies - D. Other Matters," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for more information on this transaction.

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

NiSource Inc.

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

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

Transformation: Our enterprise-wide transformation roadmap focuses on operational excellence, safety, operation and maintenance management, and unlocking efficiencies. We are currently executing on several committed to identifying and implementing initiatives that will enable us to streamline work and improve logistics company-wide. These efforts will include investments in proven technologies backed with standardized processes that will change the way we plan, schedule, and execute work in the field and how we engage and provide service to our customers. Taken together, all the of our optimization initiatives under the Enterprise-wide Transformation Roadmap will prioritize safety and continue to optimize our long-term growth profile. We are making progress towards our transformation goals with the anticipated third quarter 2024 launch of the first phase of our WAM program, an information technology system that optimizes the scheduling, dispatch, and execution of our field operations.

Economic Environment: We continue to monitor risks related to increasing order and delivery lead times for construction and other materials, increasing risk of potential unavailability of materials due to global shortages in raw materials, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials. We continue to see increasing prices associated with certain materials and supplies. To the extent that work delays occur or our costs increase, our business operations, results of operations, cash flows, and financial condition could be materially adversely affected. For more information on supply chain impacts to our electric generation strategy, see "Results and Discussion of Segment Operations - Electric Operations," in this Management's Discussion. Additionally, for more information on global availability of materials for our renewable projects, see "Results and Discussion of Segment Operations - Electric Operations - Electric Supply and Generation Transition."

We are faced with increased competition for employee and contractor talent in the current labor market which has resulted in increased costs to attract and retain talent. We are ensuring that we use all internal human capital programs (development, leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal employee value proposition for potential recruits. With a focus on workforce planning, we are evaluating our future talent footprint by creating flexible work arrangements where possible to ensure we have the right people, in the right role, and at the right time.

After decreasing for the first three months of 2023, the market price of natural gas has stabilized at low levels, compared to 2022 prices, with little volatility. Changes in gas prices do not have a material impact on our results of operations, however higher natural gas prices can impact our cash flows and liquidity. For more information on our commodity price impacts, see "Results and Discussion of Segment Operations - Gas Distribution Operations," and "Market Risk Disclosures."

Due to rising interest rates, we experienced higher interest expense for the three and nine months periods ended September 30, 2023 compared to the same periods in 2022 associated with short-term borrowings. We continue to evaluate our financing plan to manage interest expense and exposure to rates. For more information on interest rate risk, see "Market Risk Disclosures".

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

NiSource Inc.

Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are presented below:

Three Months Ended September 30,	Nine Months Ended September 30,
Three Months Ended March 31,	
Three Months Ended March 31,	
Three Months Ended March 31,	

(in millions, except per share amounts)	(in millions, except per share amounts)	2023	2022	Favorable (Unfavorable)	2023	2022	Favorable (Unfavorable)	(in millions, except per share amounts)	2024	2023	Favorable (Unfavorable)
Operating Revenues	Operating Revenues	\$1,027.4	\$1,089.5	\$ (62.1)	\$4,083.4	\$4,146.0	\$ (62.6)				
Operating Expenses	Operating Expenses										
Cost of energy											
Cost of energy											
Cost of energy	Cost of energy	181.3	330.8	149.5	1,198.3	1,421.2	222.9				
Other Operating Expenses	Other Operating Expenses	613.1	602.0	(11.1)	1,952.2	1,824.5	(127.7)				
Total Operating Expenses	Total Operating Expenses	794.4	932.8	138.4	3,150.5	3,245.7	95.2				
Operating Income	Operating Income	233.0	156.7	76.3	932.9	900.3	32.6				
Total Other Deductions, Net	Total Other Deductions, Net	(130.8)	(81.5)	(49.3)	(346.7)	(229.8)	(116.9)				
Income Taxes	Income Taxes	3.8	11.7	7.9	103.7	119.9	16.2				
Net Income	Net Income	98.4	63.5	34.9	482.5	550.6	(68.1)				
Net Income	Net Income										
Net income (loss) attributable to noncontrolling interest	Net income (loss) attributable to noncontrolling interest	13.3	(2.3)	(15.6)	5.6	(9.0)	(14.6)				
Net Income Attributable to NiSource	Net Income Attributable to NiSource	85.1	65.8	19.3	476.9	559.6	(82.7)				
Preferred dividends	Preferred dividends	(8.1)	(13.8)	5.7	(40.8)	(41.4)	0.6				
Preferred dividends and redemption premium	Preferred dividends and redemption premium										
Net Income Available to Common Shareholders	Net Income Available to Common Shareholders	77.0	52.0	25.0	436.1	518.2	(82.1)				
Earnings Per Share	Earnings Per Share										
Basic Earnings Per Share	Basic Earnings Per Share										
Basic Earnings Per Share	Basic Earnings Per Share	\$ 0.19	\$ 0.13	\$ 0.06	\$ 1.05	\$ 1.28	\$ (0.23)				
Diluted Earnings Per Share	Diluted Earnings Per Share	\$ 0.17	\$ 0.12	\$ 0.05	\$ 0.98	\$ 1.18	\$ (0.20)				

The majority of the cost of energy in both the Columbia Operations and NIPSCO Operations segments are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

The increase in net income available to common shareholders for the three months ended September 30, 2023 March 31, 2024 was primarily due to higher revenues, net of cost of energy, driven by rate increases from regulatory initiatives, outcomes. Higher net income is offset by increased net income attributable to noncontrolling interest following the consummation of the NIPSCO Minority Interest Transaction.

The decrease in net income available to common shareholders for the nine months ended September 30, 2023 is driven by the receipt of the insurance settlement related to the Greater Lawrence Incident received in 2022, as well as increased other deductions, partially offset by higher net revenues driven by rate increases from regulatory initiatives.

The decrease in preferred dividends and redemption premium for the three and nine months ended September 30, 2023 March 31, 2024 was primarily due primarily to the inclusion of \$14 million Series B preferred redemption premium, offset by a shortened dividend accrual period due to the early redemption of Series A Preferred Stock in 2023 and the second quarter 2023, reduction of accrual for Series B Preferred Stock in 2024. See Note 5, 6, "Equity," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information.

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

Other Deductions, net

The change in Other deductions, net for the three and nine months ended September 30, 2023 compared to the same period in 2022 is primarily driven by higher long-term and short-term debt interest in 2023 and higher non-service pension costs. See Note 12, "Long-Term Debt," Note 13, "Short-Term Borrowings," and Note 10, "Pension and Other Postemployment Benefits," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information.

Income Taxes

Refer to Note 9, 13, "Income Taxes," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rates for the periods presented.

We continue to monitor risks related to and evaluate the implementation impacts of any final or proposed income tax regulations related issued on provisions of the IRA including but not limited to renewable energy tax credits and the excise tax on stock buybacks guidance issued on April 9, 2024. While our analysis is not complete, we do not believe these proposed regulations will materially impact the excise tax liability recorded in 2023. See Note 6 to the IRA Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of the excise tax on stock buybacks.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15 which provides a safe harbor method of accounting that taxpayers may use to determine whether expenses to repair, maintain, replace, or improve linear property and non-linear natural

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

NiSource Inc.

gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. We continue to analyze the provisions of the safe harbor method of accounting which we expect to adopt.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Our In response to the NIPSCO Minority Interest Transaction, our operations are divided into now evaluated through two primary reportable segments, Columbia Operations and NIPSCO Operations. Columbia Operations aggregates the results of the fully regulated and wholly owned subsidiaries of NiSource Gas Distribution Group, Inc. (a holding company that owns Columbia of Kentucky, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, and Columbia of Virginia). Each Columbia distribution company is an operating segment which we aggregate to form the Columbia Operations reportable segment. NIPSCO Operations aggregates the results of NIPSCO Holdings I, and the Electric Operations segments. its majority-owned subsidiaries, including NIPSCO, which has both fully regulated gas and electric operations in Northwest Indiana. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating a reportable segment, are presented as "Corporate and Other" within the Notes to the Condensed Consolidated Financial Statements (unaudited) and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities.

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

NiSource Inc.

Gas Distribution Columbia Operations

Financial and operational data for the Gas Distribution Columbia Operations segment for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are presented below.

		Three Months Ended September 30,			Nine Months Ended September 30,						
		Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			
(in millions)	(in millions)	2023	2022	Favorable (Unfavorable)	2023	2022	Favorable (Unfavorable)	(in millions)	2024	2023	Favorable (Unfavorable)

Operating Revenues	Operating Revenues	\$531.5	\$575.5	\$ (44.0)	\$ 2,731.8	\$ 2,759.6	\$ (27.8)
Operating Expenses	Operating Expenses						
Cost of energy	Cost of energy	72.1	158.0	85.9	823.1	1,000.5	177.4
Cost of energy	Cost of energy						
Operation and maintenance	Operation and maintenance	241.0	237.0	(4.0)	789.5	774.1	(15.4)
Depreciation and amortization	Depreciation and amortization	118.1	104.3	(13.8)	343.8	307.2	(36.6)
Gain on sale of fixed assets and impairments, net	Gain on sale of fixed assets and impairments, net	—	—	—	—	(105.0)	(105.0)
Other taxes	Other taxes						
Other taxes	Other taxes	48.1	42.8	(5.3)	160.9	158.0	(2.9)
Total Operating Expenses	Total Operating Expenses	479.3	542.1	62.8	2,117.3	2,134.8	17.5
Operating Income	Operating Income	\$ 52.2	\$ 33.4	\$ 18.8	\$ 614.5	\$ 624.8	\$ (10.3)
Revenues	Revenues						
Residential	Residential						
Residential	Residential	\$352.7	\$332.3	\$ 20.4	\$ 1,828.7	\$ 1,772.7	\$ 56.0
Commercial	Commercial	108.9	115.5	(6.6)	627.4	634.3	(6.9)
Industrial	Industrial	46.4	42.9	3.5	169.6	159.3	10.3
Off-System	Off-System	9.8	72.7	(62.9)	49.9	150.5	(100.6)
Other	Other	13.7	12.1	1.6	56.2	42.8	13.4
Total	Total	\$531.5	\$575.5	\$ (44.0)	\$ 2,731.8	\$ 2,759.6	\$ (27.8)
Sales and Transportation (MMDth)	Sales and Transportation (MMDth)						
Residential	Residential	12.4	13.6	(1.2)	145.6	169.8	(24.2)
Residential	Residential						
Commercial	Commercial	17.9	17.7	0.2	114.2	126.1	(11.9)
Industrial	Industrial	126.2	115.6	10.6	384.2	365.6	18.6
Off-System	Off-System	7.0	10.6	(3.6)	25.6	23.2	2.4
Other	Other	—	—	—	0.2	0.2	—
Total	Total	163.5	157.5	6.0	669.8	684.9	(15.1)
Heating Degree Days	41	87	(46)	2,898	3,493	(595)	
Normal Heating Degree Days	60	60	—	3,428	3,428	—	
% Colder (Warmer) than Normal	(32)%	45 %		(15)%	2 %		
% Warmer than prior year	(53)%			(17)%			
Gas Distribution Customers							
Heating Degree Days⁽¹⁾							

Normal				
Heating				
Degree Days ⁽¹⁾				
% (Warmer)				
than Normal				
% Colder than prior year				
% Colder than prior year				
% Colder than prior year				
Columbia Operations				
Customers				
Columbia Operations				
Customers				
Columbia Operations				
Customers				
Residential				
Residential				
Residential	Residential	2,980,246	2,952,458	27,788
Commercial	Commercial	251,642	250,919	723
Industrial	Industrial	4,794	4,860	(66)
Other	Other	3	3	—
Total	Total	3,236,685	3,208,240	28,445

⁽¹⁾ Heating degree figures represent averages of the five jurisdictions served by Columbia Operations.

Comparability of operation and maintenance expenses, depreciation and amortization, and other taxes may be impacted by regulatory, depreciation, and tax trackers that allow for the recovery in rates of certain costs.

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

NiSource Inc.

Gas Distribution Columbia Operations

The underlying reasons for changes in our operating revenues for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in 2022 2023 are presented below.

	Favorable (Unfavorable)		
	Three Months Ended September 30, 2023 vs 2022	Nine Months Ended September 30, 2023 vs 2022	
Changes in Operating Revenues (in millions)			
New rates from base rate proceedings and regulatory capital programs	\$ 42.3	\$ 185.4	
Increased customer usage	1.0	1.5	
The effects of customer growth	1.8	4.3	
The effects of weather in 2023 compared to 2022	(2.6)	(41.3)	
Other	1.3	10.0	
Change in operating revenues (before cost of energy and other tracked items)	\$ 43.8	\$ 159.9	
Operating revenues offset in operating expense			
Lower cost of energy billed to customers	(85.9)	(177.4)	
Lower tracker deferrals within operation and maintenance, depreciation, and tax	(3.1)	(1.9)	
Increase (Reduction) in gross receipts tax, offset in operating expenses	1.2	(8.4)	
Total change in operating revenues	\$ (44.0)	\$ (27.8)	

		Favorable (Unfavorable)
	Three Months Ended	
	March 31, 2024 vs 2023	
Changes in Operating Revenues (in millions)		
New rates from base rate proceedings and regulatory capital programs	\$	34.9
Increased customer usage		8.1
The effects of customer growth		2.2
The effects of weather in 2024 compared to 2023		1.6
Other		(2.9)
Change in operating revenues (before cost of energy and other tracked items)	\$	43.9
Operating revenues offset in operating expense		
Lower cost of energy billed to customers		(109.4)
Lower tracker deferrals within operation and maintenance, depreciation, and tax		(29.5)
Total change in operating revenues	\$	(95.0)

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days, net of weather normalization mechanisms. Our composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of **Gas Distribution Columbia** Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating degree day comparison.

Throughput

The increase in total volumes for the three months ended **September 30, 2023** **March 31, 2024**, compared to the same period in **2022** **2023**, is primarily attributable to increased industrial usage.

The decrease in total volumes for the nine months ended September 30, 2023 compared to the same period in 2022, is primarily attributable to the effects of warmer weather.

Commodity Price Impact

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

Certain **Gas Distribution of the Columbia** Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions.

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

NiSource Inc.

Gas Distribution Columbia Operations

The underlying reasons for changes in our operating expenses for the three and nine months ended **September 30, 2023** **March 31, 2024** compared to the same periods period in **2022** **2023** are presented below.

	Favorable (Unfavorable)	
	Three Months Ended	Nine Months Ended
	September 30, 2023 vs	September 30, 2023 vs
	2022	2022
Changes in Operating Expenses (in millions)		
Higher employee and administrative related expenses	\$ (8.2)	\$ (11.5)
(Higher) lower materials and supplies expense	(3.1)	1.6
Property insurance settlement related to the Greater Lawrence Incident received in 2022	—	(105.0)
Higher depreciation and amortization expense	(14.1)	(38.5)
Higher property tax	(2.0)	(11.8)
Lower environmental expenses	—	5.4
Impacts from Columbia of Ohio's rate case	(4.2)	(9.3)
Lower outside services expenses	7.7	10.7
Other	(1.1)	(11.8)
Change in operating expenses (before cost of energy and other tracked items)	\$ (25.0)	\$ (170.2)

Operating expenses offset in operating revenue				
Lower cost of energy billed to customers			85.9	177.4
(Reduction) Increase in gross receipts tax, offset in operating revenues			(1.2)	8.4
Lower tracker deferrals within operation and maintenance, depreciation, and tax			3.1	1.9
Total change in operating expense			\$ 62.8	\$ 17.5
			Favorable (Unfavorable)	
			Three Months Ended	
			March 31, 2024 vs 2023	
Changes in Operating Expenses (in millions)				
Higher employee and administrative related expenses			\$ (13.7)	
Higher depreciation and amortization expense			(10.6)	
Higher property tax			(2.6)	
Higher outside services expenses			(2.4)	
Other			(4.4)	
Change in operating expenses (before cost of energy and other tracked items)			\$ (33.7)	
Operating expenses offset in operating revenue				
Lower cost of energy billed to customers			109.4	
Lower tracker deferrals within operation and maintenance, depreciation, and tax			29.5	
Total change in operating expense			\$ 105.2	

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

NiSource Inc.

Electric NIPSCO Operations

Financial and operational data for the **Electric NIPSCO Operations** segment, which services both gas and electric customers, for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** are presented below.

Three Months Ended September 30,			Nine Months Ended September 30,				
						2024	2023
(in millions)	(in millions)	2023	2022	Favorable (Unfavorable)	2023	2022	Favorable (Unfavorable)
NIPSCO Operations							
NIPSCO Operations							
NIPSCO Operations							
Operating Revenues							
Operating Revenues							
Operating Revenues	Operating Revenues	\$ 499.1	\$ 516.5	\$ (17.4)	\$ 1,360.9	\$ 1,384.1	\$ (23.2)
Operating Expenses	Operating Expenses						
Cost of energy	Cost of energy						
Cost of energy	Cost of energy						
Cost of energy	Cost of energy	109.2	172.8	63.6	375.3	420.8	45.5
Operation and maintenance	Operation and maintenance	122.2	126.5	4.3	374.7	367.3	(7.4)

Depreciation and amortization	Depreciation and amortization	82.3	88.1	5.8	275.0	267.0	(8.0)
Gain on sale of assets		—	—	—	(0.1)	—	0.1
Other taxes	Other taxes	9.6	5.8	(3.8)	28.7	33.9	5.2
Total Operating Expenses	Total Operating Expenses	323.3	393.2	69.9	1,053.6	1,089.0	35.4
Operating Income	Operating Income	\$ 175.8	\$ 123.3	\$ 52.5	\$ 307.3	\$ 295.1	\$ 12.2
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
Three Months Ended March 31,							
(in millions)							
NIPSCO							
Electric							
Revenues	Revenues						
Revenues							
Revenues							
Residential							
Residential	Residential	\$ 176.0	\$ 178.7	\$ (2.7)	\$ 449.2	\$ 454.3	\$ (5.1)
Commercial	Commercial	156.6	158.9	(2.3)	437.6	428.1	9.5
Industrial	Industrial	116.0	152.1	(36.1)	363.3	421.0	(57.7)
Wholesale	Wholesale	15.4	4.1	11.3	25.5	10.6	14.9
Other	Other	35.1	22.7	12.4	85.3	70.1	15.2
Total	Total	\$ 499.1	\$ 516.5	\$ (17.4)	\$ 1,360.9	\$ 1,384.1	\$ (23.2)
Sales (GWh)	Sales (GWh)						
Residential	Residential	1,034.6	1,080.6	(46.0)	2,540.5	2,745.2	(204.7)
Commercial		1,011.0	1,044.7	(33.7)	2,743.7	2,845.3	(101.6)
Industrial		2,023.7	2,076.3	(52.6)	5,955.3	6,078.8	(123.5)
Wholesale		0.2	4.9	(4.7)	0.9	37.0	(36.1)
Other		17.6	17.9	(0.3)	58.2	67.5	(9.3)
Total		4,087.1	4,224.4	(137.3)	11,298.6	11,773.8	(475.2)
Cooling Degree Days		475	592	(117)	681	934	(253)
Normal Cooling Degree Days		573	573	—	820	820	—
% (Colder) Warmer than Normal		(17)%	3 %	(17)%	14 %		
% (Colder) than prior year		(20)%		(27)%			

Electric Customers					
Residential					
Residential	Residential	426,054	423,764	2,290	
Commercial	Commercial	58,556	58,196	360	
Industrial	Industrial	2,126	2,133	(7)	
Wholesale	Wholesale	708	711	(3)	
Other	Other	3	3	—	
Total	Total	487,447	484,807	2,640	

NIPSCO Electric Customers					
NIPSCO Electric Customers					
NIPSCO Electric Customers					
Residential					
Residential					
Residential					
Commercial					
Industrial					
Wholesale					
Other					
Total					

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

NiSource Inc.

NIPSCO Operations

(in millions)	Three Months Ended March 31,			Favorable (Unfavorable)
	2024	2023		
NIPSCO Gas				
Revenues				
Residential	\$ 212.1	\$ 302.4	\$ (90.3)	
Commercial	74.7	112.7	(38.0)	
Industrial	23.8	31.5	(7.7)	
Other	8.1	5.9	2.2	
Total	\$ 318.7	\$ 452.5	\$ (133.8)	
Sales and Transportation Volumes (MMBtu)				
Residential	28.6	29.2	(0.6)	
Commercial	17.7	17.7	—	
Industrial	70.2	71.0	(0.8)	
Total	116.5	117.9	(1.4)	
Heating Degree Days				
	2,643	2,659	(16)	
Normal Heating Degree Days				
	3,141	3,100	41	
% (Warmer) than Normal				
	(16)%	(14)%		
% (Warmer) than prior year				
	(1)%			
NIPSCO Gas Customers				
Residential	797,326	791,030	6,296	
Commercial	66,485	66,162	323	
Industrial	2,784	2,860	(76)	
Total	866,595	860,052	6,543	

Comparability of operation and maintenance expenses and depreciation and amortization may be impacted by regulatory and depreciation trackers that allow for the recovery in rates of certain costs.

The underlying reasons for changes in our operating revenues for the three and nine months ended September 30, 2023 compared to the same periods in 2022 are presented below.

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

NiSource Inc.

Electric NIPSCO Operations

Changes in Operating Revenues (in millions)	Favorable (Unfavorable)		
	Three Months Ended September 30, 2023 vs 2022	Nine Months Ended September 30, 2023 vs 2022	
New rates from regulatory capital and DSM programs	45.5	51.0	
Increased (Decreased) customer usage	6.4	(9.7)	
FAC over earnings reserve	5.2	5.2	
Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss)	4.4	7.8	
The effects of weather in 2023 compared to 2022	(16.8)	(27.6)	
2022 FAC refund	—	8.0	
Other	3.0	(3.3)	
Change in operating revenues (before cost of energy and other tracked items)	\$ 47.7	\$ 31.4	
Operating revenues offset in operating expense			
Lower cost of energy billed to customers	(63.6)	(45.5)	
Reduction in gross receipts tax, offset in operating expenses	—	(11.5)	
Higher (lower) tracker deferrals within operation and maintenance, depreciation and tax	(1.5)	2.4	
Total change in operating revenues	\$ (17.4)	\$ (23.2)	

The underlying reasons for changes in our operating revenues for the three months ended March 31, 2024 compared to the same period in 2023 are presented below.

Changes in Operating Revenues (in millions)	Favorable (Unfavorable)		
	Three Months Ended March 31, 2024 vs 2023	Nine Months Ended September 30, 2023 vs 2022	
New rates from base rate proceedings, regulatory capital and DSM programs			65.6
Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss)			4.0
Increased customer usage			3.9
Increased customer count			2.7
The effects of weather in 2024 compared to 2023			(5.7)
Other			(2.3)
Change in operating revenues (before cost of energy and other tracked items)			\$ 68.2
Operating revenues offset in operating expense			
Lower cost of energy billed to customers			(230.7)
Lower tracker deferrals within operation and maintenance, depreciation and tax			(2.0)
Total change in operating revenues	\$	\$ (164.5)	

Weather

The results of operations for the NIPSCO Operations segment include income from both electric and gas service lines. In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days and normal heating degree days, net of weather normalization mechanisms. Our composite cooling and heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric NIPSCO Operations. Cooling and heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite cooling and heating degree day comparison.

Sales

The increase in total volumes sold to electric customers for the three months ended March 31, 2024 compared to the same period in 2023 was primarily attributable to increased usage by commercial and wholesale customers partially offset by industrial and residential customers usage.

The decrease in total volumes sold to gas customers for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 was primarily attributable to decreased usage by industrial and residential customers.

Commodity Price Impact

Cost of energy for the **Electric NIPSCO Operations** segment's electric activities is principally comprised of the cost of coal, natural gas purchased for internal generation of electricity, at NIPSCO, and the cost of power purchased from generators of electricity for its generation and transmission activities. For its gas distribution activities, NIPSCO Operations' cost of energy is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. NIPSCO Operations has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred costs of energy. The majority of these costs of energy are passed through directly to the customer, and the costs of energy included in operating revenues are matched with the cost of energy expense recorded in the period. The difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered fuel cost and gas costs to be included in future customer billings. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

The underlying reasons for changes in our operating expenses for the three months ended March 31, 2024 compared to the same period in 2023 are presented below.

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

NiSource Inc.

Electric NIPSCO Operations

The underlying reasons for changes in our operating expenses for the three and nine months ended September 30, 2023 compared to the same periods in 2022 are presented below.

	Favorable (Unfavorable)		
	Three Months Ended September 30, 2023 vs 2022	Nine Months Ended September 30, 2023 vs 2022	
Changes in Operating Expenses (in millions)			
Lower depreciation and amortization expense excluding the regulatory deferral adjustment associated with the Joint Ventures	9.6	1.3	
Lower (higher) outside services expenses primarily related to higher generation-related maintenance	\$ 3.8	\$ (8.6)	
Lower employee and administrative expenses	2.0	4.9	
Renewable Joint Venture operating expenses, offset by Joint Venture operating revenues	(11.2)	(14.4)	
Other	0.6	(2.4)	
Change in operating expenses (before cost of energy and other tracked items)	\$ 4.8	\$ (19.2)	
Operating expenses offset in operating revenue			
Lower cost of energy billed to customers	63.6	45.5	
Reduction in gross receipts tax, offset in operating revenues	—	11.5	
Lower (higher) tracker deferrals within operation and maintenance, depreciation and tax	1.5	(2.4)	
Total change in operating expense	\$ 69.9	\$ 35.4	
Changes in Operating Expenses (in millions)			
Higher depreciation and amortization expense driven by new base rates	(20.0)		
Higher employee and administrative expenses	(9.5)		
Renewable Joint Venture operating expenses, partially offset by Joint Venture operating revenues	(9.3)		
Lower materials and supplies costs	4.4		
Lower outside services expenses primarily related to lower generation-related maintenance	2.0		
Other	3.6		
Change in operating expenses (before cost of energy and other tracked items)	\$ (28.8)		
Operating expenses offset in operating revenue			
Lower cost of energy billed to customers	230.7		
Lower tracker deferrals within operation and maintenance, depreciation and tax	2.0		
Total change in operating expense	\$ 203.9		

Electric Supply and Generation Transition

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

NIPSCO continues to work with the EPA to obtain an administrative approval associated with the operation of R.M. Schahfer's remaining two coal units until 2025. In the event that the approval is not obtained, future operations could be impacted. We cannot estimate the financial impact on us if this approval is not obtained. Refer to Item 1A. Risk Factors.

"Operational Risks," of the 2023 Annual Report on Form 10-K for further detail.

The current replacement plan is aligned with the Preferred Energy Resource Plan outlined in the 2021 Plan and primarily includes renewable sources of energy, including wind, solar, battery storage, and flexible natural gas resources to be obtained through a combination of NIPSCO ownership and PPAs. NIPSCO has sold, and may in the future sell, renewable energy credits from its renewable generation to third parties to offset customer costs. NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Each facility supplying the energy will have an associated nameplate capacity, and payments under the PPAs will not begin until the associated generation facility is constructed by the owner/seller. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities.

Three Since 2020, two wind PPA projects, two wind BTA projects and two solar BTA projects have been placed into service, totaling approximately 1,269 1,465 MW of nameplate capacity. NIPSCO has executed commercial agreements for each of the nine eight remaining identified projects. Dunns Bridge II, Cavalry, Fairbanks, Indiana Crossroads II, Gibson, GreenRiver, Appleseed, Carpenter and Templeton have received IURC approval. Additional approvals by the IURC may be required to obtain recovery for increases in projects costs. NIPSCO has recently filed with the IURC seeking approval for the Gibson project, and has filed for a new gas peaking resource facility to be located at R.M. Schahfer generating station. NIPSCO also filed with Generating Station. On November 22, 2023 the IURC for approved NIPSCO's request to convert the Gibson project from a PPA to a BTA. On January 17, 2024 the IURC approved increases to the project cost update and costs as well as the full ownership of the Cavalry and Dunns Bridge II, projects as a result allowing NIPSCO to leverage provisions of the option!RA to use monetize tax credit transferability under credits for the IRA. Our current replacement program includes a diverse portfolio benefit of resources detailed customers in lieu of utilizing tax equity partnerships. In March 2024, we filed with the Preferred Energy Resource Plan outlined in our 2021 Integrated Resource Plan. IURC to modify the ownership structure for Gibson and Fairbanks solar projects to become fully owned projects and to modify the cost of the Fairbanks project. See "Executive Summary - Your Energy Your Future" Transition" in this Management's Discussion for additional information. We expect the majority of our remaining BTA and PPA projects to be placed in service in 2024 and 2025.

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

NiSource Inc.

Electric NIPSCO Operations

Project Status. Our contract amendments to certain solar agreements will result in the majority of our remaining projects and investments being placed in service in 2024 and 2025. These amendments also formally address inflationary cost pressures communicated from the developers of our solar and storage projects that are primarily due to (i) limited supply of solar panels and other uncertainties related to the U.S. Department of Commerce investigation on Antidumping and Countervailing Duties petition filed by a domestic solar manufacturer (the "DOC Investigation"), (ii) the U.S. Department of Homeland Security's June 2021 Withhold Release Order on silica-based products made by Hoshine Silicon Industry Co., Ltd./Uyghur Forced Labor Prevention Act, (iii) Section 201 Tariffs and (iv) persistent general global supply chain and labor availability issues. We are also monitoring our other renewable projects as upcoming project milestones related to permitting and obtaining interconnection rights are expected to occur. Final findings from the DOC Investigation were released on August 18, 2023 affirming the preliminary determination made in December 2022. At this time, we do not believe any significant panel tariffs will impact our projects.

Remaining Renewables Projects	Transaction Type	Technology	Nameplate Capacity (MW)	Storage Capacity (MW)
Cavalry	BTA	Solar & Storage	200	60
Dunns Bridge II	BTA	Solar & Storage	435	75
Fairbanks	BTA	Solar	250	—
Gibson	BTA	Solar	200	—
Green River	20 year PPA	Solar	200	—
Templeton	20 year PPA	Wind	200	—
Carpenter	20 year PPA	Wind	200	—
Appleseed	20 year PPA	Solar	200	—

Project Name	Transaction Type	Technology	Nameplate Capacity (MW)	Storage Capacity (MW)
Cavalry ⁽¹⁾	BTA	Solar & Storage	200	60
Dunns Bridge II ⁽¹⁾	BTA	Solar & Storage	435	75
Fairbanks ⁽¹⁾	BTA	Solar	250	—
Gibson ⁽¹⁾	BTA	Solar	200	—
Indiana Crossroads II	15 year PPA	Wind	204	—
Green River	20 year PPA	Solar	200	—
Templeton	20 year PPA	Wind	200	—
Carpenter	20 year PPA	Wind	200	—
Appleseed	20 year PPA	Solar	200	—

⁽¹⁾Ownership of the facility will be transferred to JVs whose members are expected to include NIPSCO and an unrelated tax equity partner. Alternatively, NIPSCO is evaluating the optionality related to the transferability of credits afforded by the passage of the IRA. NIPSCO has filed with the IURC for direct ownership of Dunns Bridge II and Cavalry and may seek direct ownership of the Fairbanks and Gibson projects.

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

NiSource Inc.

Liquidity and Capital Resources

We continually evaluate the availability of adequate financing to fund our ongoing business operations, working capital and core safety and infrastructure investment programs. Our financing is sourced through cash flow from operations and the issuance of debt and/or equity. External debt financing is provided primarily through the issuance of long-term debt, accounts receivable securitization programs and our **\$1.5 billion** **\$1.85 billion** commercial paper program, which is backstopped by our committed revolving credit facility with a total availability from third-party lenders of **\$1.85 billion**.

- On December 20, 2022 December 31, 2023, we entered into consummated the NIPSCO Minority Interest Transaction in exchange for a capital contribution of **\$2.16 billion** in cash. See Note 4, "Noncontrolling Interests," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for more information.
- On January 3, 2024, we applied the proceeds from the NIPSCO Minority Interest Transaction and repaid in full our **\$1.0 billion** term credit agreement with a maturity date of December 19, 2023, and our **\$650.0 million** term credit agreement. On October 5, 2023, we entered into an amendment to, among other things, extend the maturity date of the agreement to March 15, 2024. On March 24, 2023, March 14, 2024 we completed the issuance and sale of **\$750.0 million** **\$650.0 million** of **5.25%** **5.35%** senior unsecured notes maturing in 2028, 2034, which resulted in approximately **\$742.2 million** **\$642.6 million** of net proceeds after discount and debt issuance costs. See Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for more information.
- On June 8, 2023 February 22, 2024, we completed the issuance and sale of a reopening of **\$300.0 million** of **5.25%** senior unsecured notes maturing in 2028 and **\$450.0 million** of **5.40%** senior unsecured notes maturing in 2033, which resulted in approximately **\$742.5 million** of net proceeds after discount and debt issuance costs. On June 15, 2023, we redeemed all 400,000 shares of Series A Preferred Stock for a redemption price of **\$1,000** per share, or **\$400.0 million** in total. We maintain entered into an ATM equity program that provides an opportunity to issue and sell shares of our common stock up to an aggregate issuance of **\$750.0 million** **\$900.0 million** through December 31, 2023 December 31, 2025. As of September 30, 2023 March 31, 2024, the ATM program (including the impact of the forward sale agreement) had approximately **\$300.0 million** **\$700.0 million** of equity available for issuance. We also expect to remarket the Series C Mandatory Convertible Preferred Stock prior to December 1, 2023, which could result in additional cash proceeds. See Note 5, 6, "Equity," Note 12, "Long-Term Debt," and Note 13, "Short-Term Borrowings," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for more information.
- On June 17, 2023 March 15, 2024, NiSource and our wholly-owned subsidiary, NIPSCO Holdings II, entered into the BIP Purchase Agreement with an affiliate we redeemed all 20,000 outstanding shares of BIP, pursuant to which BIP will acquire an indirect 19.9 percent equity interest in NIPSCO Series B Preferred Stock for a purchase redemption price of **\$2.150 billion** **\$25,000** per share and all 20,000 outstanding shares of Series B-1 Preferred Stock for a redemption price of **\$0.01** per share or **\$500.0 million** in cash, subject to adjustments based on the timing of closing and the amount of capital contributions made by NiSource prior to closing. NiSource intends to use the proceeds from the purchase price and BIP's capital contribution to support NIPSCO's capital expenditure plans for serving customers, reduce NiSource's debt and fund ongoing capital needs associated with the renewable generation transition. Refer to total. See Note 14, "Other Commitments and Contingencies - D. Other Matters, 6, "Equity," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for more information on this transaction.

We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2023 2024 and beyond.

The following table summarizes our cash flow activities:

		Nine Months Ended September 30,			
		Three Months Ended March 31,			
(in millions)	(in millions)	2023	2022	Change in 2023 (in millions)	Three Months Ended March 31,
Cash from (used for):	Cash from (used for):				
Operating Activities	Operating Activities	\$1,535.9	\$1,036.2	\$499.7	
Operating Activities					
Operating Activities					
Investing Activities	Investing Activities	(2,503.3)	(1,682.7)	(820.6)	
Financing Activities	Financing Activities	998.6	630.2	368.4	
Operating Activities					
The increase decrease in cash from operating activities was primarily driven by year over year change in accounts receivable collections, inventory and inventory driven by the implementation of new rates and exchange gas receivables due to the impact of lower gas prices, partially offset by higher accounts payables, payables and net income.					
Investing Activities					

The increase in cash used for investing activities was due to increased system growth and reliability and milestone payments to renewable generation asset developers related to milestone payments for certain of our BTA projects in 2023, as well as the property insurance settlement related to the Greater Lawrence Incident received in the prior year.

As we evaluate adjustments to progress on the renewable generation project timing, we remain on track to make capital investments totaling \$3.3 billion to \$3.6 billion \$3.5 billion during the 2023-2024 period. We also expect to invest approximately \$16.0 billion \$16.4 billion during the 2024-2028 period, including capital investments to support our generation transition strategy. These forecasted capital investments and

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

NiSource Inc.

those included in our Annual Report on Form 10-K for the year ended December 31, 2022, are subject to continuing review and adjustment. Actual capital expenditures may vary from these estimates. For additional information, see "Results and Discussion of Segment Operations - Electric Operations," in this Management's Discussion.

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

NiSource Inc.

Regulatory Capital Programs. We are in the process of upgrading and modernizing our gas infrastructure to enhance safety and reliability by reducing leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2023, 2024, we continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all six states of our operating area.

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement as well as and other federally mandated compliance investments currently in rates or pending commission approval: investments:

(in millions)						
Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Costs Covered ⁽¹⁾	Rates Effective
Columbia of Ohio	IRP - 2023	\$ 38.4	\$ 316.3	1/22-12/22	Replacement of (1) hazardous service lines, (2) cast iron, wrought iron, uncoated steel, and bare steel pipe.	May 2023
Columbia of Ohio	CEP - 2023	\$ 31.0	\$ 265.6	1/22-12/22	Assets not included in the IRP.	September 2023
NIPSCO - Gas	TDSIC - 7	\$ 10.1	\$ 207.1	3/23-8/23	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	March 2024
NIPSCO - Gas	TDSIC 6	\$ (2.5)	\$ 149.8	1/22-2/23	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	September 2023
NIPSCO - Gas ⁽²⁾⁽³⁾	FMCA 2	\$ 4.2	\$ 38.2	4/22-9/22	Project costs to comply with federal mandates.	April 2023
NIPSCO - Gas ⁽³⁾	FMCA 1	\$ (4.0)	\$ 13.4	10/22-3/23	Project costs to comply with federal mandates.	October 2023
Columbia of Virginia	SAVE - 2024	\$ 7.9	\$ 69.0	1/24-12/24	Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions.	January 2024
Columbia of Virginia ⁽⁴⁾	SAVE - 2023	\$ 4.5	\$ 45.9	1/23-12/23	Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions.	January 2023
Columbia of Kentucky	SMRP - 2024	\$ 5.2	\$ 40.2	1/24-12/24	Replacement of mains and inclusion of system safety investments.	January 2024
Columbia of Kentucky	SMRP - 2023	\$ 1.6	\$ 41.6	1/23-12/23	Replacement of mains and inclusion of system safety investments.	January 2023
Columbia of Maryland ⁽⁵⁾	STRIDE - 2023	\$ 1.3	\$ 18.0	1/23-12/23	Pipeline upgrades designed to improve public safety or infrastructure reliability.	January 2023
Columbia of Maryland ⁽⁵⁾	STRIDE - 2024	\$ 1.3	\$ 15.4	1/24-12/24	Pipeline upgrades designed to improve public safety or infrastructure reliability.	January 2024
NIPSCO - Electric	TDSIC - 2	\$ 6.6	\$ 143.5	2/22-7/22	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	February 2023
NIPSCO - Electric ⁽⁶⁾	TDSIC - 3	\$ 21.2	\$ 144.8	8/23-9/24	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	August 2023

(in millions)

Company	Program	Capital Investment	Investment Period	Filing Date	Costs Covered ⁽¹⁾
Approved					
Columbia of Ohio	IRP - 2024	\$ 753.5	4/21-12/23	2/26/2024	Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.
Columbia of Ohio ⁽²⁾	PHMSA IRP - 2024	\$ 14.6	1/23-12/23	2/28/2024	Investments necessary to comply with the PHMSA Mega Rule.
Columbia of Ohio	CEP - 2023	\$ 482.1	4/21-12/22	2/24/2023	Assets not included in the IRP.
NIPSCO - Gas	TDSIC - 7	\$ 444.9	1/23-8/23	10/31/2023	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.
NIPSCO - Gas	FMCA - 2	\$ 49.0	1/23-9/23	11/29/2023	Project costs to comply with federal mandates.
Columbia of Virginia	SAVE - 2024	\$ 166.5	10/22-12/24	8/15/2023	Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions. Includes costs associated with Advanced Leak Detection and Repair.
Columbia of Kentucky	SMRP - 2023	\$ 41.6	1/23-12/23	10/14/2022	Replacement of mains and inclusion of system safety investments.
NIPSCO - Electric ⁽³⁾	TDSIC - 3	\$ 144.8	7/22-1/23	3/28/2023	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.
Pending Commission Approval					
NIPSCO - Gas	TDSIC - 8	\$ 514.1	1/23-2/24	4/30/2024	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.
Columbia of Ohio	CEP - 2024	\$ 767.0	4/21-12/23	2/26/2024	Assets not included in the IRP or PHMSA IRP.
Columbia of Kentucky ⁽⁴⁾	SMRP - 2024	\$ 81.9	1/23-12/24	10/13/2023	Replacement of mains and inclusion of system safety investments.

⁽¹⁾Programs do not include any costs already included in base rates.⁽²⁾On March 1, 2023, incremental tracker revenue was updated as certain investments are now being recovered through base rates. Columbia of Ohio received a final order with rates effective May 2024.⁽³⁾NIPSCO received approval for a new certificate coincident with the implementation of public convenience Step 1 and necessity on December 28, 2022 for an additional Pipeline Safety III Compliance Plan, including \$235.3M Step 2 base rates in Cause No. 45772, TDSIC-3 cumulative capital investment of \$554.7 million at Step 1 and \$34.1M in operation \$74.2 million at Step 2 moved out of this tracker and maintenance expense project investments into base rates.⁽⁴⁾Columbia of Virginia received Kentucky placed these rates into effect, as of January 3, 2024, subject to refund, depending on a final Commission order ruling on November 1, 2022 modifying the SAVE filing incremental revenue and investments Application.⁽⁵⁾Columbia of Maryland's current STRIDE expires December 31, 2023. On June 23, 2023, CMD filed an application for approval of a new five-year STRIDE. A final order is anticipated Q4 2023.⁽⁶⁾NIPSCO Electric TDSIC-3 is for a 14-month billing period due to the rate case order received in August 2023 and a subsequent 9 month hold-out period. Coincident with the implementation of Step-1 base rates and in August 2023 in Cause No. 45772, TDSIC-3 incremental revenue decreased from that originally filed for and approved as a result of \$554.7 million of in service capital moving out of this tracker into base rates.

On March 30, 2022, NIPSCO Electric filed a petition with the IURC seeking approval of NIPSCO's federally mandated costs for closure of Michigan City Generating Station's CCR ash ponds. The project includes a total estimated \$40.0 million of federally mandated retirement costs. On November 2, 2022, NIPSCO Electric filed a petition with the IURC seeking approval of NIPSCO's federally mandated costs for closure of R.M. Schaher Generation Station's multi-cell unit. The project includes a

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

NiSource Inc.

total estimated \$53.0 million of federally mandated retirement costs. Due to the NIPSCO electric settlement agreement filed on March 10, 2023, both FMCA cases were stayed pending the outcome of NIPSCO's electric base rate case, which proposed these pond closure costs be recovered through base rates, rather than the FMCA Tracker. NIPSCO received an order approving its electric base rate case settlement on August 2, 2023. Upon the expiration of the time for appeals of this order, NIPSCO will file to dismiss the independent requests for CCR ash pond recovery, as that recovery has been approved within electric base rates under the terms of the settlement. Refer to Note 14, "Other Commitments and Contingencies - C. Environmental Matters," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for further discussion of the CCRs.

Columbia of Ohio filed an application on February 28, 2023, to establish a new PHMSA IRP Rider in order to recover costs incurred to comply with the PHMSA Mega rule. An unopposed settlement was filed on September 8, 2023. The record of the case is submitted for a decision by the PUCO. It is anticipated that the PUCO will rule on this Application and settlement by the end of 2023.

Financing Activities

Common Stock and Preferred Stock and Equity Units. **Stock.** Refer to Note 5, "Equity," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock and equity units activity.

Long-Term Debt. Refer to Note 12, "Long-Term Debt," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on long-term debt activity.

Short-Term Debt. Refer to Note 13, "Short-Term Borrowings," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Noncontrolling Interest. We received \$2.16 billion upon closing the NIPSCO Minority Interest Transaction. Proceeds from the closing of the NIPSCO Minority Interest Transaction were used to repay short-term debt, including our credit agreements. Under the terms of the LLC Agreement, BIP is obligated to provide up to \$250 million in additional capital contributions over a three-year period after the Closing, which obligation is backed by an Equity Commitment Letter from Blackstone. BIP may contribute additional capital above \$250 million as necessary to maintain its percentage ownership interest. Refer to Note 11, "Variable Interest Entities," 4.

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

NiSource Inc.

"Noncontrolling Interests," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on contributions from noncontrolling interest activity.

NIPSCO Minority Equity Interest Sale. Refer to Note 14, "Other Commitments and Contingencies - D. Other Matters," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on the BIP Purchase Agreement and use of proceeds from this transaction.

Sources of Liquidity

The following table displays our liquidity position as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

(in millions)	(in millions)	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Current Liquidity	Current Liquidity				
Revolving Credit Facility	Revolving Credit Facility	\$ 1,850.0	\$ 1,850.0		
Revolving Credit Facility	Revolving Credit Facility				
Accounts Receivable Programs ⁽¹⁾	Accounts Receivable Programs ⁽¹⁾	295.6	447.2		
Less:	Less:				
Commercial Paper	Commercial Paper				
Commercial Paper	Commercial Paper				
Commercial Paper	Commercial Paper	935.0	415.0		
Accounts Receivable Programs Utilized	Accounts Receivable Programs Utilized	285.0	347.2		
Letters of Credit Outstanding Under Credit Facility	Letters of Credit Outstanding Under Credit Facility	9.9	10.2		
Add:	Add:				
Cash and Cash Equivalents	Cash and Cash Equivalents	56.0	40.8		
Cash and Cash Equivalents	Cash and Cash Equivalents				
Cash and Cash Equivalents	Cash and Cash Equivalents				
Net Available Liquidity	Net Available Liquidity	\$ 971.7	\$ 1,565.6		

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

Debt Covenants. We are subject to a financial covenants covenant under our revolving credit facility, and term credit agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70.0%. As of **September 30, 2023** **March 31, 2024**, the ratio was **63.1%** **57.0%**.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and NIPSCO's credit ratings and ratings outlook as of **September 30, 2023** **March 31, 2024**. There were no changes to the below credit ratings or outlooks since February 2020. A credit rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization.

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

NiSource Inc.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Commercial Paper	A-2	Stable	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of **September 30, 2023** **March 31, 2024**, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately **\$89.5 million** **\$108.6 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.

Equity. Our authorized capital stock consists of **620,000,000** **770,000,000** shares, \$0.01 par value, of which **600,000,000** **750,000,000** are common stock and 20,000,000 are preferred stock. As of **September 30, 2023** **March 31, 2024**, **413,324,607** **448,197,604** shares of common stock and 902,500 shares of preferred stock were outstanding.

Contractual Obligations. A summary of contractual obligations is included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. Except for our March and June 2023 2024 debt issuances, issuance, there were no additional material changes from year-end during the **three** months ended **September 30, 2023** **March 31, 2024**. Refer to Note **12**, **8**, "Long-Term Debt," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information regarding the debt issuances.

Guarantees, Indemnities and Other Off Balance Sheet Arrangements. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal

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

NiSource Inc.

business. Such agreements include guarantees and stand-by letters of credit. Refer to Note **14**, **15**, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

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

NiSource Inc.

Regulatory, Environmental and Safety Matters

Cost Recovery and Trackers

Comparability of our line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are subject to approved regulatory tracker mechanisms generally lead to increased regulatory assets, which ultimately result in a corresponding increase in operating revenues and, therefore, have essentially no impact on total operating income results. Certain approved regulatory tracker mechanisms allow for abbreviated regulatory proceedings in order for the operating companies to quickly implement revised rates and recover associated costs.

A portion of the **Gas Distribution** **Columbia Operations** and **NIPSCO** Operations revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our operating area require periodic review of actual gas procurement activity to determine prudence and to confirm the recovery of prudently incurred energy commodity costs supplied to customers.

We recognize that energy efficiency reduces emissions, conserves natural resources and saves our customers money. Our gas distribution companies offer programs such as energy efficiency upgrades, home checkups and weatherization services. The increased efficiency of natural gas appliances and improvements in home building codes and standards contributes to a long-term trend of declining average use per customer. While we are looking to expand offerings so the energy efficiency programs can benefit as many

customers as possible, our **Gas Distribution** **Columbia Operations** and **NIPSCO Operations** have pursued changes in rate design to more effectively match recoveries with costs incurred. Columbia of Ohio has adopted a straight fixed variable rate design for residential customers that closely links the recovery of fixed costs with fixed charges. Columbia of Maryland and Columbia of Virginia have regulatory approval for weather and revenue normalization adjustments for certain customer classes, which adjust monthly revenues that exceed or fall short of approved levels. Columbia of Pennsylvania continues to operate its pilot residential weather normalization adjustment and also has a fixed customer charge. This weather normalization adjustment only adjusts revenues when actual weather compared to normal varies by more than 3%. Columbia of Kentucky incorporates a weather normalization adjustment for certain customer classes and also has a fixed customer charge. In a prior gas base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward recovering more of its fixed costs through a fixed recovery charge, but has no weather or usage protection mechanism.

A portion of the **Electric** **NIPSCO Operations** revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, which is updated quarterly to reflect actual costs incurred to supply electricity to customers.

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

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

NiSource Inc.

Regulatory, Environmental and Safety Matters

Rate Case Actions

The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts:

(in millions)		(in millions)								
		(in millions)								
Company	Company	Requested	Approved	Proposed	Approved	Incremental	Incremental	Rates		
		ROE	ROE	Revenue	Revenue	Filed	Status	Effective		
Currently Approved in Current or Future Rates										
Company										
Company										
Approved Rate Cases										
Columbia of Pennsylvania ⁽¹⁾	Columbia of Pennsylvania ⁽¹⁾	Approved								
		None		March 18, 2022	December 2022	8, 2022	December 2022			
Columbia of Maryland	Columbia of Maryland	Approved								
		10.85 %	9.65 %	\$ 5.8	\$ 3.5	2022	17, 2022	2022		
Columbia of Maryland	Columbia of Maryland	Approved								
		None		May 12, 2023	October 2023	26, 2023	December 2023			
Columbia of Pennsylvania ⁽¹⁾										
Columbia of Pennsylvania ⁽¹⁾										
Columbia of Maryland ⁽¹⁾										
Columbia of Maryland ⁽¹⁾										
Columbia of Maryland ⁽¹⁾										
Columbia of Kentucky ⁽²⁾	Columbia of Kentucky ⁽²⁾	Approved								
		10.30 %	9.35 %	\$ 26.7	\$ 18.3	2021	28, 2021	2022		
Columbia of Virginia ⁽³⁾	Columbia of Virginia ⁽³⁾	Approved								
		None		April 29, 2022	May 15, 2023	October 2022	Columbia of Virginia ⁽³⁾	None		
Columbia of Virginia ⁽³⁾	Columbia of Virginia ⁽³⁾	10.75 %	specified \$	\$ 40.5	\$ 25.8	2022	2023	\$ 25.8	2022	

Columbia of Ohio	Columbia of Ohio	10.95 %	9.60 %	\$ 221.4	June 30, 2021	January 26, 2023	March 2023	Columbia of Ohio	9.60 %	\$ 221.4	June 30, 2021	June 30, 2021	June 30, 2021
NIPSCO - Gas ⁽⁴⁾								NIPSCO - Gas ⁽⁴⁾	9.85 %	\$ 109.7	September 29, 2021	September 29, 2021	September 2022
NIPSCO - Electric ⁽⁵⁾													
NIPSCO - Electric ⁽⁵⁾									9.80 %	\$ 291.8	September 19, 2022	September 19, 2022	August 2023
Pending Rate Cases													
NIPSCO - Gas ^{(4) (6)}													
NIPSCO - Gas ^{(4) (6)}													
NIPSCO - Gas ^{(4) (6)}	NIPSCO - Gas ^{(4) (6)}	10.50 %	9.85 %	\$ 109.7	September 29, 2021	July 27, 2022	September 2022	In process	\$ 161.9	In process	In process	October 25, 2023	September 2024
NIPSCO - Electric ⁽⁵⁾		10.40 %	9.80 %	\$ 291.8	September 19, 2022	August 2023	September 2023						
Active Rate Cases													
NIPSCO - Gas ⁽⁶⁾	In process	\$ 161.9	In process	\$ 161.9	September 25, 2023	October 2023	Order Expected	Q3 2024	September 2024				
Columbia of Pennsylvania													
Columbia of Pennsylvania													
Columbia of Pennsylvania													December 2024
Columbia of Virginia ⁽⁷⁾								Columbia of Virginia ⁽⁷⁾	In process	\$ 124.1	In process	March 15, 2024	2024
Columbia of Virginia ⁽⁷⁾													October 2024

⁽⁴⁾No approved ROE is identified for this matter since the approved revenue increase is the result of a black box settlement under which parties agree upon the amount of increase.

⁽⁵⁾The approved ROE for natural gas capital riders (e.g., SMRP) is 9.275%.

⁽⁶⁾Columbia of Virginia's rate case resulted in a black box settlement, representing a settlement to a specific revenue increase but not a specified ROE. The settlement provides use of a 9.70% ROE for future SAVE and filings other than base rates, filings.

⁽⁷⁾New rates are were implemented in 2 steps, with implementation of Step 1 rates in September 2022. The Step 2 rates were filed on February 21, 2023, with rates effective March 2023.

⁽⁸⁾New rates will be implemented in 2 steps, with implementation of Step 1 rates to be effective in August 2023 and Step 2 rates to be effective in March 2024. The order reflects incremental revenue of \$261.9 million plus an estimated additional \$29.9 million for recovery of costs associated 2024, with a new Environmental Cost Tracker (replacing the VCT), service provided in February 2024.

⁽⁹⁾New On March 20, 2024, NIPSCO filed a unanimous settlement agreement that, if approved, will result in increased incremental revenue of \$120.9 million. Pending the approval of the settlement agreement, new rates expected to be implemented in 2 steps, with implementation of Step 1 rates to be effective in September 2024 and Step 2 Rates in March 2025.

⁽¹⁰⁾Rates expected to be effective on an interim basis and subject to refund.

PHMSA Regulations

On December 27, 2020, We are committed to reducing the environmental impact of our business and promoting sustained environmental stewardship. We seek proactive opportunities for improved environmental performance and are committed to complying with environmental laws and regulations. To fulfill our vision of being a trusted energy provider, we follow safety practices recommended by leading industry organizations. These practices help us identify and address potential risks, resulting in improvements to our operational and environmental safety.

PHMSA Legislation and Regulations

Under the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPS) Act of 2020, was signed into law, reauthorizing funding for federal pipeline safety programs through September 30, 2023. Among other things, the PIPS Act requires that PHMSA has revised, and continues to revise, the pipeline safety regulations to require operators to update, as needed, their existing distribution integrity management plans, emergency response plans, and operation and maintenance plans. The PIPS Act PHMSA has also requires PHMSA to adopt adopted new requirements for managing records and updating, as necessary, existing district regulator stations to eliminate common modes of failure that can lead to overpressurization. PHMSA must also require that operators implement and utilize advanced leak detection and repair technologies that enable the location and categorization of all leaks that are hazardous, or potentially hazardous, to human safety or the environment over-pressurization.

In May 2023, PHMSA proposed numerous regulatory revisions under the PIPS Act of 2020 to minimize methane emissions and improve public safety. Under these proposed revisions, NiSource's our subsidiaries would be required to detect and repair an increased number of gas leaks, reduce the time to repair leaks, increase leak survey frequency, and expand its our existing advanced leak detection program. We continue to evaluate the proposed rule for additional impacts on our business.

CCR Regulation

In May September 2023, EPA PHMSA proposed changes additional regulatory revisions under the PIPS Act of 2020 to enhance distribution system safety through equipment and procedural expectations. Operators will be required to incorporate additional protections for low pressure distribution systems that prevent over-pressurization, amend construction procedures designed to minimize the CCR regulations risk of incidents caused by system over-pressurization, and update distribution integrity management programs to cover and prepare for inactive surface impoundments at inactive facilities, referred to as "legacy CCR surface impoundments." EPA is also proposing to extend a subset of requirements in the

CCR regulations to areas not previously subject to the CCR regulations, referred to as "CCR management units." NIPSCO potentially has areas that could become subject to the proposed changes. We continue to evaluate the proposed rule for impacts on our business.

over-pressurization incidents.

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

NiSource Inc.

Regulatory, Environmental and Safety Matters

On November 30, 2023, the House Transportation & Infrastructure Committee introduced new pipeline safety reauthorization legislation known as the PIPES Act of 2023 to reauthorize PHMSA's safety programs for the next four years. The proposed legislation includes several priorities for our company, including excavation damage prevention grants to improve states' damage prevention programs, a PHMSA study on blending hydrogen in distribution pipelines, new criminal penalties for intentionally damaging pipeline facilities, and creation of a Voluntary Information Sharing System to allow for industry participants to share learnings and best practices in a protected manner across the pipeline industry.

CCR Regulation

In May 2023, the EPA proposed changes to the CCR regulations for inactive surface impoundments at inactive facilities, referred to as "legacy CCR surface impoundments." The EPA is also proposing to extend a subset of requirements in the CCR regulations to areas not previously subject to the CCR regulations, referred to as CCR management units ("CCRMUs"). In November 2023, the EPA issued a Notice of Data Availability seeking comment on updated lists of legacy impoundments and CCRMUs, as well as a risk assessment for legacy impoundments and CCRMUs. On April 25, 2024 new EPA rules have been issued and we are evaluating the potential impact on our business.

Climate Change Issues

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

Transition Climate Risks. Risks Future. We actively engage with and monitor the impact that proposed legislative and regulatory programs related to GHG emissions, at both the federal and state levels, could significantly limit allowed GHG emissions or impose a cost or tax would have on GHG emissions. Revised or additional future GHG legislation and/or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows, business.

Regarding federal policies, we continue to monitor the implementation of any final and proposed climate change-related legislation and regulations, including the Infrastructure Investment and Jobs Act signed into law in November 2021; the ("IIJA"), IRA, signed into law in August 2022; and the EPA's proposed final methane regulations for the oil and natural gas industry, but we cannot predict their impact on our business at this time. and EPA's proposed Waste Emissions Charge for Petroleum and Natural Gas Systems. We have identified potential opportunities associated with the Infrastructure Investment and Jobs Act IIJA and the IRA and are evaluating how they may align with our strategy going forward. The energy-related provisions of the Infrastructure Investment and Jobs Act IIJA include new federal funding for power grid infrastructure and resiliency investments, new and existing energy efficiency and weatherization programs, electric vehicle infrastructure for public chargers and additional LIHEAP funding over the next five years. funding. The IRA contains climate and energy provisions, including funding to decarbonize the electric sector.

In February 2021, the

The United States rejoined is a party to the Paris Agreement, an international treaty through which parties set nationally determined contributions to reduce GHG emissions, build resilience, and adapt to the impacts of climate change. Subsequently, the The Biden Administration released has set a target for the United States to achieve a 50%-52% GHG reduction from 2005 levels by 2030, which supports the President's goals to create a carbon-free power sector by 2035 and net zero emissions economy no later than 2050. There are many potential pathways to reach these goals.

In December 2023, the U.S. Department of Energy ("DOE") amended the congressionally-mandated efficiency standards for residential home furnaces manufactured after December 2028. We are assessing the potential impacts associated with these new standards.

The DOE has selected two hydrogen hubs in our territories as recipients of funding designated in the IIJA to support the development of regional clean hydrogen hubs. The two hubs are the Midwest Alliance for Clean Hydrogen Hub (MachH2), with potential projects across Illinois, Indiana, Kentucky, Michigan, Missouri, and Wisconsin; and the Appalachian Regional Clean Hydrogen Hub (ARCH2), with potential investments across West Virginia, Ohio, Kentucky, and Pennsylvania. Work is underway to determine what roles our companies may have with these hydrogen hubs.

In May 2023, the EPA released a package of proposed regulatory actions to reduce carbon dioxide emissions from new natural gas-fired electric generating units (EGUs), existing natural gas-fired EGUs, and existing coal-fired EGUs. The EPA finalized the rules on April 25, 2024. We are reviewing the potential impacts of the proposed these rules but we are unable to estimate impacts on our business at this time. business.

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

NiSource Inc.

Regulatory, Environmental and Safety Matters

We also continue to monitor the implementation of any final and proposed state policy. The Virginia Clean Economy Act was signed into law in 2020. While the Act does not establish any new mandates on Columbia of Virginia, certain natural gas customers may, over the long-term, reduce their use of natural gas to meet the 100% renewable electricity requirement. Columbia of Virginia will continue to monitor this matter, but we cannot predict its final impact on our business at this time. Separately, the Virginia Energy Innovation Act, enacted into law in April 2022, and effective July 1, 2022, allows natural gas utilities to supply alternative forms of gas that meet certain standards and reduce emissions intensity. The Act also provides that the costs of enhanced leak detection and repair may be added to a utility's plan to identify proposed eligible infrastructure replacement projects and related cost recovery mechanisms, known as the SAVE Plan. Furthermore, under the Act, utilities can recover eligible biogas supply infrastructure costs on an ongoing basis. The provisions of these laws may provide opportunities for Columbia of Virginia as it participates in the transition to a lower carbon future.

The Climate Solutions Now Act of 2022 requires Maryland to reduce GHG emissions by 60% by 2031 (from 2006 levels), and it requires the state to reach net zero emissions by 2045. The Maryland Department of the Environment is required to adopt a plan to achieve its 2031 goal by December 2023, and it is required to adopt a plan for their 2045 net zero goal by 2030. The Act also enacts a state policy to move to broader electrification of both existing buildings and new construction, and requires the Public Service Commission (PSC) ("PSC") to complete a study assessing the capacity of gas and electric distribution systems to successfully serve customers under a transition to a highly electrified building sector. In May 2023, the PSC released their report on December 29, 2023, and concluded that high levels of electrification can be handled by Maryland's electric systems through 2031. The Maryland Department of the Environment issued draft proposed Building Energy Performance Standards (BEPS), which would require net-zero net zero direct greenhouse gas emissions from large buildings by 2040. On September 11, 2023, updated draft BEPS were presented to, and adopted, 2040 with amendments, by the Maryland Air Quality Control Advisory Council (AQCAC). The draft regulations will now undergo formal public notice and comment rulemaking, interim targets. Columbia of Maryland is advocating for compliance pathways that use RNG, hydrogen, and emissions offsets. Separately, the PSC has also initiated a proceeding related to Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies. Columbia of Maryland will continue to monitor these matters, but we cannot predict their final impact on our business at this time.

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

NiSource Inc.

Regulatory, Environmental and Safety Matters

NIPSCO Gas, Columbia of Maryland, Columbia of Pennsylvania, Columbia of Virginia and Columbia of Kentucky each filed petitions to implement the Green Path Rider, which will be a voluntary rider that allows customers to opt in and offset either 50% or 100% of their natural gas related emissions. To reduce the emissions, the utilities will purchase RNG attributes and carbon offsets to match the usage for customers opting into the program. The program was approved by the IURC at NIPSCO in November 2022 with a January 2023 start date. After reaching settlement with other parties in September 2022, NIPSCO agreed to add a third tier to offset 25% of customer usage. Columbia of Maryland's filing The program was denied approved by the PSC IURC at NIPSCO in November 2022 with a January 2023, 2023 start date. Columbia of Virginia received a final order in May 2023, approving the Green Path Rider and began enrolling customers in September 2023. The petitions filed by Columbia of Maryland, Columbia of Pennsylvania, filed a Joint Petition for Nonunanimous Settlement with the Bureau of Investigation and Enforcement (I&E) and the Office of Small Business Advocate (OSBA) in March 2023, in support of the Commission's adoption of the Green Path Rider. Columbia of Pennsylvania received an order in June 2023 that rejected the settlement agreement and denied implementation of the Green Path Rider. On September 19, 2023, Columbia of Kentucky filed a motion for a decision with the PSC on its Green Path filing. The motion is still pending with the commission. were rejected and have not been implemented as of March 31, 2024. Additionally, NIPSCO Electric has a voluntary Green Power Rider program in place that allows customers to designate a portion or all their monthly electric usage to come from power generated by renewable energy sources.

Net-Zero Net Zero Goal. In response to these transition risks and opportunities, on November 7, 2022, November 2022, we announced a goal of net-zero net zero greenhouse gas emissions by 2040 covering both Scope 1 and Scope 2 GHG emissions ("Net-Zero Net Zero Goal"). Our Net-Zero Net Zero Goal builds on greenhouse gas emission reductions achieved to-date and demonstrates that continued execution of our long-term business plan will drive further greenhouse gas emission reductions. We remain on track to achieve previously announced interim greenhouse gas emission reduction targets by reducing fugitive methane emissions from main and service lines by 50 percent 50% from 2005 levels by 2025 and reducing Scope 1 GHG emissions from company-wide operations by 90 percent 90% from 2005 levels by 2030. We plan to achieve our Net-Zero Net Zero Goal primarily through continuation and enhancement of existing programs, such as retiring and replacing coal-fired electric generation with low- or zero-emission electric generation, ongoing pipe replacement and modernization programs, and deployment of advanced leak-detection technologies. In addition, we plan to advance other low- or and zero-emission energy resources and technologies, such as which may include hydrogen, renewable natural gas, long-duration storage, and/or deployment of carbon capture and utilization technologies, if and when these become technologically and economically feasible. Carbon offsets and renewable energy credits may also be used to support achievement of our Net-Zero Net Zero Goal. As of the end of 2022, 2023, we had reduced Scope 1 GHG emissions by approximately 67% 72% from 2005 levels.

Our greenhouse gas emissions projections, including achieving a Net-Zero Net Zero Goal, are subject to various assumptions that involve risks and uncertainties. Achievement of our Net-Zero Net Zero Goal by 2040 will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economical to deploy. Should such regulatory and legislative policies, stakeholder environments or technologies fail to materialize, our actual results or ability to achieve our Net-Zero Net Zero Goal, including by 2040, may differ materially.

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

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

NiSource Inc.

Market Risk Disclosures

Risk is an inherent part of our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. We manage risk through a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include, but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

Our **Gas** and **Electric Operations** **electric** subsidiaries have commodity price risk primarily related to the purchases of natural gas and power. To manage this market risk, our subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. We do not participate in speculative energy trading activity.

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

NiSource Inc.

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

Our subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, some of which are reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note **7.11**, "Risk Management Activities," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, **term credit agreement** 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 **\$4.8 million** **\$2.6 million** and **\$12.4 million** **\$4.5 million** for the three and nine months ended **September 30, 2023** **March 31, 2024** and **\$2.3 million** and **\$5.0 million** for the three and nine months ended **September 30, 2022, 2023**, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future long-term debt issuances. From time to time we may enter into forward interest rate instruments to lock in long term interest costs and/or rates.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our extension of credit is governed by a Corporate Credit Risk 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 risk management function, which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to us at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

We evaluate the financial status of our 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.

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

NiSource Inc.

Other Information

Critical Accounting Estimates

A summary of our critical accounting estimates is included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. There were no material changes made as of **September 30, 2023** **March 31, 2024**.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued and adopted accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are reported in Item 2, "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

Our chief executive officer and our chief 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)). Our 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 our chief executive officer and chief 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, our chief executive officer and chief 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 our internal control over financial reporting during the most recently completed quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 14, 15, "Other Commitments and Contingencies - B. Legal Proceedings," in the Notes to the Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Please refer to the risk factors set forth in Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2022, as supplemented by the risk factor set forth below. December 31, 2023. There have been no material changes to such risk factors, other than the risks described below.

The NIPSCO Minority Equity Interest Sale is Subject to Risk and Uncertainties that Could Have a Material Adverse Effect on Our Cash Flows, Liquidity, Financial Condition, or Stock Price.

The NIPSCO Minority Equity Interest Sale is subject to various risks and uncertainties. The timing and certainty of the closing of the NIPSCO Minority Equity Interest Sale is subject to our ability to satisfy the conditions to closing the NIPSCO Minority Equity Interest Sale. Furthermore, our efforts to close the NIPSCO Minority Equity Interest Sale may cause disruption to NiSource's business including the diversion of management time on NIPSCO Minority Equity Interest Sale-related issues. In addition, we have incurred, and will continue to incur, significant costs, expenses, and fees for professional services and other costs in connection with the NIPSCO Minority Equity Interest Sale, and many of these fees and costs are payable by us regardless of whether or not the NIPSCO Minority Equity Interest Sale is consummated.

Additionally, even if we close the NIPSCO Minority Equity Interest Sale, we may not be able to achieve the anticipated benefits from the NIPSCO Minority Equity Interest Sale fully, or at all, or the benefits may take longer to realize than anticipated, whether as a result of our execution or as a result of various factors, including prevailing market conditions, that could negatively impact the benefits we are able to achieve.

Our failure to consummate the NIPSCO Minority Equity Interest Sale at all, or in a timely manner, potential business disruptions, related costs and expenses, or our failure to achieve anticipated benefits of the NIPSCO Minority Equity Interest Sale could have a material adverse effect on our cash flows, liquidity, financial condition and stock price.

Finally, we cannot fully anticipate the effects of the NIPSCO Minority Equity Interest Sale on the industry, market, economic, political or regulatory conditions outside of our control. Any such consequential effects could have a potential adverse impact on our business.

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

Director and Officer Trading Arrangements

During the three months ended **September 30, 2023** **March 31, 2024**, no director or Section 16 officer of the Company adopted, terminated or modified a 'Rule 10b5-1 trading arrangement' or 'non-Rule 10b5-1 trading arrangement,' as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

NiSource Inc.

(10.1)(3.1)

[Amendment No. 1 Certificate of Elimination of the Company with respect to the Purchase Series B Preferred Stock and Sale Agreement, the Series B-1 Preferred Stock, dated as of July 6, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor](#) **March 18, 2024** (incorporated by reference to [Exhibit 10.23.1 to the NiSource Inc. Form 8-K](#) filed on **March 18, 2024**).

(4.1)

Form of 5.350% Notes due 2034 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 10-Q 8-K](#) filed on **August 2, 2023** **March 14, 2024**).**

(10.2)(10.1)

[Amendment No. 1 to the Sixth Amended Separation Agreement](#) dated **March 15, 2024**, between NiSource Inc. and Restated Revolving Credit Agreement dated **February 18, 2022**, made as of **August 23, 2023** by and among NiSource Inc., the financial institutions listed on the signature pages and Barclays Bank PLC, as administrative agent **Donald Brown** (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on **August 23, 2023**).

(10.3)

[Amendment No. 1 to the Credit Agreement](#) dated **December 20, 2022**, made as of **October 5, 2023** by and among NiSource Inc., the financial institutions listed on the signature pages and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on **March 15, 2024**).

(10.2)

Second Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated **January 30, 2024** (incorporated by reference to [Exhibit 10.44 to NiSource Inc. Form 10-K](#) **October 5, 2023**), filed on **February 21, 2024**.

(10.3)

Form of 2024 CEO RSU Award Agreement (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-K](#) filed on **February 21, 2024**).

(10.4)

Form of 2024 CEO PSU Award Agreement (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-K](#) filed on **February 21, 2024**).

(10.5)

Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.3 of the NiSource Inc. Form 10-K](#) filed on **February 21, 2024**).

(10.6)

Form of PSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.48 of the NiSource Inc. Form 10-K](#) filed on **February 21, 2024**).

(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)

Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

(101.SCH)

Inline XBRL Schema Document

(101.CAL)

Inline XBRL Calculation Linkbase Document

(101.LAB)

Inline XBRL Labels Linkbase Document

(101.PRE)

Inline XBRL Presentation Linkbase Document

(101.DEF)

Inline XBRL Definition Linkbase Document

(104)

Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

*

Exhibit filed herewith.

**

Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission (the "SEC") upon request

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: **November 1, 2023** **May 8, 2024**

By: **/s/ Gunnar J. Gode**

Gunnar J. Gode

Vice President, Chief Accounting Officer
(Principal Accounting Officer)

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Exhibit 31.1

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

I, Lloyd M. Yates, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2023 of NiSource Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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: **November** By:
1,
2023 **May**
8, 2024

/s/ Lloyd
M. Yates

Lloyd M.
Yates
President
and Chief
Executive
Officer

Exhibit 31.2

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

I, Shawn Anderson, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**;
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. **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. **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. **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. **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)** **officer** and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. **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. **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: **November 1, 2023** **May 8, 2024**

By:

/s/ Shawn Anderson

Shawn Anderson

Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter year ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lloyd M. Yates, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and **results** **result** of operations of the Company.

**/s/ Lloyd M.
Yates**

Lloyd M. Yates
President and
Chief Executive
Officer

**November 1,
2023**
May 8, 2024

Date:

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, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shawn Anderson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and **results** **result** of operations of the Company.

**/s/ Shawn
Anderson**

Shawn
Anderson
Executive
Vice
President
and Chief
Financial
Officer

Date: **May 8, 2024**

November 1, 2023

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