

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023

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

(State or other jurisdiction of  
incorporation or organization)

801 East 86th Avenue  
Merrillville, IN

(Address of principal executive offices)

35-2108964

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

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	NI	NYSE
Depository Shares, each representing a 1/1,000th ownership interest in a share of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, liquidation preference \$25,000 per share and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock, par value \$0.01 per share, liquidation preference \$0.01 per share	NI PR B	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrants included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's common stock, par value \$0.01 per share (the "Common Stock") held by non-affiliates was approximately \$11,285,281,624 based upon the June 30, 2023, closing price of \$27.35 on the New York Stock Exchange.

There were 447,524,529 shares of Common Stock outstanding as of February 14, 2024.

**Documents Incorporated by Reference**

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 13, 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 Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
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 Solar	Indiana Crossroads Solar Generation LLC and its wholly owned subsidiary, Meadow Lake Solar Park LLC
Indiana Crossroads Wind	Indiana Crossroads Wind Generation LLC and its wholly owned subsidiary, Indiana Crossroads Wind Farm LLC
Dunns Bridge I	Dunns Bridge I Solar Generation LLC and its wholly owned subsidiary, Dunns Bridge Solar Center LLC
Dunns Bridge II	Dunns Bridge II Solar Generation LLC
Fairbanks	Fairbanks Solar Generation LLC
Cavalry	Cavalry Solar Generation LLC
<b><u>Abbreviations and Other</u></b>	
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
CCGT	Combined Cycle Gas Turbine
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CISA	Certified Information Systems Auditor
CISO	Chief Information Security Officer
CISSP	Certified Information Systems Security Professional
Corporate Units	Series A Corporate Units
COVID-19 ("the COVID-19 pandemic" or "the pandemic")	Novel Coronavirus 2019 and its variants, including the Delta and Omicron variants, and any other variant that may emerge
CRISC	Certified in Risk and Information Systems Control
DE&I	Diversity Equity and Inclusion
DPU	Department of Public Utilities
DSM	Demand Side Management

DEFINED TERMS

EPA	United States Environmental Protection Agency
EPS	Earnings per share
Equity Units	Series A Equity Units
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GHG	Greenhouse gases
HLBV	Hypothetical Liquidation at Book Value
IJA	Infrastructure Investment and Jobs Act
IRA	Inflation Reduction Act
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
JV	Joint Venture
LDCs	Local distribution companies
LIFO	Last-in, first-out
LIHEAP	Low Income Heating Energy Assistance Programs
Massachusetts Business	All of the assets sold to, and liabilities assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NERC CIP	North American Electric Reliability Corporation Critical Infrastructure Protection
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.
NOL	Net Operating Loss
NTSB	National Transportation Safety Board
NYMEX	The New York Mercantile Exchange
OPEB	Other Postretirement and Postemployment Benefits
OT	Operational Technology
PCB	Polychlorinated biphenyls
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PSC	Public Service Commission
PUCO	Public Utilities Commission of Ohio
ROE	Return on Equity
RNG	Renewable Natural Gas
ROU	Right of Use
SAVE	Steps to Advance Virginia's Energy Plan

DEFINED TERMS

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
Section 201 Tariffs	Tariffs imposed by Executive Order from the President of the U.S. on certain imported solar cells and modules at a rate of 15%, which were recently extended to 2026
SMRP	Safety Modification and Replacement Program
SMS	Safety Management System
SOFR	Secured Overnight Financing Rate
STRIDE	Strategic Infrastructure Development and Enhancement
TCJA	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
TSA	Transportation Security Administration
U.S. Attorney's Office	U.S. Attorney's Office for the District of Massachusetts
VIE	Variable Interest Entity

***Note regarding forward-looking statements***

This Annual Report on Form 10-K 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"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning 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. 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 Annual Report on Form 10-K include, 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 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 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 demand;
- our ability to attract, retain or re-skill a qualified, diverse workforce and maintain good labor relations;
- our ability to manage new initiatives and organizational changes;

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- the actions of activist stockholders;
- the performance and quality of third-party suppliers and service providers;
- potential cybersecurity attacks or security breaches;
- increased requirements and costs related to cybersecurity;
- any damage to our reputation;
- 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 Goal (as defined below);
- our debt obligations;
- any changes to our credit rating or the credit rating of certain of our subsidiaries;
- adverse economic and capital market conditions, including increases in inflation or interest 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;
- 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;
- 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 tax laws or the interpretation thereof;
- and other matters set forth in Item 1, "Business," Item 1A, "Risk Factors" and Part II, Item 7, "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.

**PART I**

**ITEM 1. BUSINESS**

**NiSOURCE INC.**

NiSource Inc. is an energy holding company under the Public Utility Holding Company Act of 2005 whose primary subsidiaries are fully regulated natural gas and electric utility companies, serving approximately 3.8 million customers in six states. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource Inc. on April 14, 1999.

On November 7, 2022, we announced our intention to seek a minority interest investor in NIPSCO. We entered into an agreement with Blackstone on June 17, 2023, in furtherance of this goal. On December 31, 2023, the NIPSCO Minority Interest Transaction closed. At closing, NIPSCO Holdings I contributed all its membership interests in NIPSCO in exchange for an 80.1% controlling membership interest and Blackstone contributed \$2.16 billion in cash in exchange for a 19.9% membership interest in NIPSCO Holdings II, respectively. NIPSCO Holdings II owns all the membership interests in NIPSCO.

NiSource's principal subsidiaries include 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), and a controlling interest in NIPSCO (a gas and electric company). NiSource derives substantially all of its revenues and earnings from the operating results of these rate-regulated businesses.

**Business Strategy**

Our business strategy focuses on providing safe and reliable service through our core, rate-regulated, asset-based utilities, with the goal of adding value to all of our stakeholders. Our utilities continue to advance our core safety, infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across the six states in which we operate. Our goal is to develop strategies that (i) support long-term infrastructure investment and safety programs to better serve our customers, (ii) align our tariff structures with our cost structure, and (iii) drive value and enable growth in an evolving energy ecosystem. 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.

We remain committed to the advancement of our SMS for the safety of our customers, communities and employees. Our SMS is the established operating model within NiSource. In 2022, we achieved conformance certification to the American Petroleum Institute Recommended Practice 1173, which serves as the guiding practice for our SMS. This certification, which requires ongoing annual review, marked an important milestone for our SMS and NiSource's journey towards operational excellence. Our focus is maintaining, sustaining and continuously improving processes, procedures, capabilities and talent to enhance safety and reduce operational risk.

NiSource has two reportable segments: Gas Distribution Operations and Electric Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, are included as Corporate and Other. The activities occurring within this non-segment consist of our centralized corporate activities and are primarily comprised of interest expense on holding company debt and unallocated corporate costs and activities. The following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements for additional information related to each segment.

**Gas Distribution Operations**

Our natural gas distribution operations serve approximately 3.3 million customers in six states. Through our wholly-owned subsidiary NiSource Gas Distribution Group, Inc., we provide natural gas to approximately 2.4 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, and Maryland. Additionally, we distribute natural gas to approximately 0.9 million customers in northern Indiana through our subsidiary NIPSCO. We operate approximately 55,000 miles of distribution main pipeline plus the associated individual customer service lines and 1,000 miles of transmission main pipeline located in our service areas described below. Throughout our service areas we also have gate stations and other operations support facilities. See below for information on our owned operating facilities. There were no significant disruptions to our system or facilities during 2023.

**ITEM 1. BUSINESS****NiSOURCE INC.**

<b>Facility Name</b>	<b>Location</b>	<b>Type</b>	<b>Storage Capacity (MCF)</b>
Royal Center Underground Storage	Royal Center, IN	Natural Gas	7,240,000
Rolling Prairie LNG	Rolling Prairie, IN	Liquified Natural Gas	4,000,000
Blackhawk Underground Storage	Beaver Falls, PA	Natural Gas	1,700,000
Eagle Cove Propane	Petersburgh, VA	Propane Gas	863
South Wales Propane	Jeffersonton, VA	Propane Gas	863
Portsmouth Propane-Air	Portsmouth, VA	Propane-Air Gas	17,300
<b>Total Capacities</b>			<b>12,959,026</b>

**Competition.** Open access to natural gas supplies over interstate pipelines and the deregulation of the natural gas supply has led to tremendous change in the energy markets and natural gas competition. Due to open access to natural gas supplies, our LDC customers can purchase gas directly from producers and marketers in an open, competitive market. Certain of our Gas Distribution Operations' subsidiaries are involved in programs that provide our residential and commercial customers the opportunity to purchase their natural gas requirements from third parties and use our Gas Distribution Operations' subsidiaries for transportation services. As of December 31, 2023, 25.9% of our residential customers and 34.7% of our commercial customers participated in such programs.

Gas Distribution Operations competes with (i) investor-owned, municipal, and cooperative electric utilities throughout its service areas, (ii) other regulated and unregulated natural gas intra and interstate pipelines and (iii) other alternate fuels, such as propane and fuel oil. Gas Distribution Operations continues to be a strong competitor in the energy markets in which it operates as a result of strong customer preference for natural gas. Competition with providers of electricity has traditionally been the strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia due to comparatively low electric rates.

Additionally, our gas distribution operations are subject to seasonal fluctuations in sales. Revenues from gas distribution operations are more significant during the heating season, which is primarily from November through March. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Gas Distribution Operations," for additional information.

**Electric Operations**

We generate, transmit and distribute electricity through our subsidiary NIPSCO to approximately 0.5 million customers in 20 counties in the northern part of Indiana and also engage in wholesale electric and transmission transactions. We own and operate sources of generation as well as source power through PPAs. We continue to transition our generation portfolio to primarily renewable sources. We currently have four owned projects in service: Rosewater, Indiana Crossroads Wind, Indiana Crossroads Solar, and Dunns Bridge I. Rosewater went into service in December 2020 and Indiana Crossroads Wind went into service in December 2021. The Indiana Crossroads Solar and Dunns Bridge I Solar projects went into service in June 2023. In October 2021, NIPSCO completed the retirement of two coal-burning units with installed capacity of approximately 903 MW at Schahfer Generating Station, located in Wheatfield, IN. As of December 31, 2023, we have multiple PPAs that provide 700 MW of capacity, with contracts expiring between 2024 and 2040.

NIPSCO's transmission system, with voltages from 69,000 to 765,000 volts, consists of approximately 2,920 circuit miles. NIPSCO is interconnected with eight neighboring electric utilities. We operate 66 transmission and 250 distribution substations, and own approximately 311,000 poles. Additionally, we own and operate reactive resources to supplement generation when necessary. Our facilities had no material unplanned interruptions during 2023. See below for information on our owned operating facilities:

**ITEM 1. BUSINESS****NiSOURCE INC.**

<b>Facility Name</b>	<b>Location</b>	<b>Fuel Type</b>	<b>Generating Capacity (MW)<sup>(1)</sup></b>
R.M. Schahfer	Wheatfield, IN	Steam - Coal	722
Michigan City	Michigan City, IN	Steam - Coal	455
Sugar Creek <sup>(2)</sup>	West Terre Haute, IN	CCGT	563
R.M. Schahfer	Wheatfield, IN	Natural Gas	155
Oakdale	Carroll County, IN	Hydro	9
Norway	White County, IN	Hydro	7
Rosewater <sup>(3)</sup>	White County, IN	Wind	102
Indiana Crossroads Wind <sup>(3)</sup>	White County, IN	Wind	302
Dunns Bridge I <sup>(3)</sup>	Jasper County, IN	Solar	265
Indiana Crossroads Solar <sup>(3)</sup>	White County, IN	Solar	200
<b>Total MW Capacity</b>			<b>2,780</b>

<sup>(1)</sup>Represents current net generating capability of each fossil fuel and hydro generating facility. Nameplate capacity is listed for wind and solar generating facilities.

<sup>(2)</sup>Sugar Creek added additional generating capacity in January 2024.

<sup>(3)</sup>NIPSCO is the managing partner of these JVs. Refer to Note 4, "Noncontrolling Interest," in the Notes to Consolidated Financial Statements for more information.

In November 2021, NIPSCO submitted its 2021 Integrated Resource Plan ("2021 Plan") with the IURC. The 2021 Plan builds upon the 2018 Integrated Resource Plan which outlined NIPSCO's plan to retire its coal generating assets by 2028. The 2021 Plan affirmed the 2018 retirement decisions and calls for the replacement of the retiring coal generating assets with a diverse portfolio of resources, including demand side management resources, incremental solar, stand-alone energy storage, new gas peaking resources and upgrades to existing facilities at the Sugar Creek Generating Station, among other steps. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these plans.

NIPSCO participates in the MISO transmission service and wholesale energy market. MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, MISO is responsible for managing energy markets, transmission constraints and the day-ahead, real-time, Financial Transmission Rights and ancillary markets. NIPSCO has transferred functional control of its electric transmission assets to MISO, and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff. NIPSCO generating units are dispatched by MISO which takes into account economics, reliability of the MISO system and unit availability. During the year ended December 31, 2023, NIPSCO generating units, inclusive of its BTA projects, were dispatched to meet 49.5% of its overall system load, and the remainder of the overall system load was procured through PPAs and the MISO market.

**Competition.** Our electric utility generally has exclusive service areas under Indiana regulations, and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Our electric operations are subject to seasonal fluctuations in sales. Revenues from electric operations are more significant during the cooling season, which is primarily from June through September. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Electric Operations," for additional information.

**Political Action**

The NiSource Political Action Committee ("NiPAC") provides our employees a voice in the political process. NiPAC is a voluntary, employee and director driven and funded political action committee, and NiPAC makes bipartisan political contributions to local, state and federal candidates where permitted and in accordance with established guidelines. Consistent with our commitments and our approach to engagement, the NiPAC leadership committee members evaluate candidates for support on issues important to our business.

**ITEM 1. BUSINESS****NiSOURCE INC.****Regulatory**

The applicable regulatory landscape at both the state and federal levels continue to evolve, including environmental. These changes have had and will continue to have an impact on our operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this environment, while keeping service and affordability for customers at the forefront. We believe we are, in all material respects, in compliance with such laws and regulations and do not expect future compliance changes to have a material impact on our capital expenditures, earnings, or competitive position. We continue to monitor existing and pending laws and regulations, and the impact of regulatory changes cannot be predicted with certainty.

**Rate Case Actions.** The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts. See "Cost Recovery and Trackers" below for further detail on trackers.

(in millions)

Company	Approved ROE	Requested Incremental Revenue	Approved Incremental Revenue	Filing Date	Rates Effective
<b>Approved Rates Cases</b>					
Columbia of Pennsylvania <sup>(1)</sup>	None specified	\$ 82.2	\$ 44.5	March 18, 2022	December 2022
Columbia of Maryland <sup>(1)</sup>	None specified	\$ 6.5	\$ 3.9	May 12, 2023	December 2023
Columbia of Kentucky <sup>(2)</sup>	9.35 %	\$ 26.7	\$ 18.3	May 28, 2021	January 2022
Columbia of Virginia <sup>(3)</sup>	None specified	\$ 40.5	\$ 25.8	April 29, 2022	October 2022
Columbia of Ohio	9.60 %	\$ 221.4	\$ 68.3	June 30, 2021	March 2023
NIPSCO - Gas <sup>(4)</sup>	9.85 %	\$ 109.7	\$ 71.8	September 29, 2021	September 2022
NIPSCO - Electric <sup>(5)</sup>	9.80 %	\$ 291.8	\$ 261.9	September 19, 2022	August 2023
<b>Pending Rate Cases</b>					
NIPSCO - Gas <sup>(6)</sup>	In process	\$ 161.9	In process	October 25, 2023	September 2024

<sup>(1)</sup>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.

<sup>(2)</sup>The approved ROE for natural gas capital riders (e.g.,SMRP) is 9.275%.

<sup>(3)</sup>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 filings.

<sup>(4)</sup>New rates 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.

<sup>(5)</sup>New rates will be implemented in 2 steps, with implementation of Step 1 rates in August 2023 and Step 2 Rates to be effective in March 2024, with service provided in February 2024.

<sup>(6)</sup>Pending the outcome of the current case, new rates are 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.

**ITEM 1. BUSINESS**

**NiSOURCE INC.**

**FERC.** NiSource's service company and operating companies are subject to varying degrees of regulation by the FERC. NiSource Corporate Services files a FERC Form 60 annual report with its financial information as a FERC jurisdictional centralized service company. NiSource also files an annual FERC Form 61 which contains a narrative description of the service company's functions during the prior calendar year.

As natural gas LDCs, Columbia of Maryland, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, and NIPSCO have limited jurisdictional certificates to transport gas in the respective service territories into interstate commerce.

As an electric company, NIPSCO has Market Based Rate authority and is a Transmission Owner subject to FERC jurisdiction. NIPSCO files the following reports annually:

- FERC Form 1, which is a comprehensive financial and operating report,
- FERC Form 566, which is a list of its 20 largest purchases of electricity over the past three years,
- FERC Form 715, which is its Annual Transmission Planning and Evaluation Report and the base case power flow data from the Eastern Interconnection Reliability Assessment Group Multiregional Modeling Working Group, which was used by NIPSCO for transmission planning and,
- FERC Form 730, which is NIPSCO's Report of Transmission Investment Activity.

As a Transmission Owner subject to the MISO Transmission Owners Agreement and Tariff, NIPSCO has various FERC jurisdictional obligations such as maintaining its Attachment O formula rates and corresponding protocols. NIPSCO also has FERC approvals to make affiliate transactions between itself and various JVs. NIPSCO's officers, on the electric side, are also subject to FERC's interlocking directorate rules and reporting requirements.

**Regulatory Framework.** The Gas Distribution Operations utilities have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include (i) the sale of products and services in the companies' service territories, and (ii) gas supply cost incentive mechanisms for service to their core markets. The on-system services are offered by us to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations utility's system. The incentive mechanisms give the Gas Distribution Operations utilities an opportunity to share in the savings created from such situations as gas purchases made below an agreed upon benchmark price and the remarketing of unused pipeline capacity to reduce overall pipeline costs.

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 contribute 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 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 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. NIPSCO Gas and Electric include a fixed customer charge for residential and small commercial and industrial customer classes, but has no weather or usage protection mechanism. In its pending gas rate case, NIPSCO has requested approval of a revenue decoupling mechanism.

While increased efficiency of electric appliances and improvements in home building codes and standards have similarly impacted the average use per electric customer in recent years, NIPSCO 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 will continue efforts to design rates that increase the certainty of recovery of fixed costs.

**ITEM 1. BUSINESS**

**NISOURCE INC.**

**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 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 confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the Electric 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.

**Environmental and Safety Matters**

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 (PIPES) Act of 2020, 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. PHMSA has also adopted new requirements for managing records and updating, as necessary, existing district regulator stations to eliminate common modes of failure that can lead to over-pressurization.

In May 2023, PHMSA proposed numerous regulatory revisions under the PIPES Act of 2020 to minimize methane emissions and improve public safety. Under these proposed revisions, 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 our existing advanced leak detection program. We continue to evaluate the proposed rule for additional impacts on our business.

In September 2023, PHMSA proposed additional regulatory revisions under the PIPES 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 risk of incidents caused by system over-pressurization, and update distribution integrity management programs to cover and prepare for over-pressurization incidents.

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. We continue to evaluate the proposed rule for impacts on our business.

**ITEM 1. BUSINESS**

**NI SOURCE INC.**

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.** 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, would have on our business. Refer to Item 1A. Risk Factors, "Operational Risks," of this Annual Report on Form 10-K for further detail.

Regarding federal policies, we continue to monitor the implementation of any final and proposed climate change-related legislation and regulation, including the IJJA, IRA, EPA's final methane regulations for the oil and natural gas industry, and EPA's proposed Waste Emissions Charge for Petroleum and Natural Gas systems. We have identified potential opportunities associated with the IJJA and the IRA and are evaluating how they may align with our strategy going forward. The energy-related provisions of the IJJA 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. The IRA contains climate and energy provisions, including funding to decarbonize the electric sector.

The United States 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. The Biden Administration 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 IJJA 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. We are reviewing the potential impacts of the proposed rules.

We also continue to monitor the implementation of any final and proposed state policy. 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 adopted a plan to achieve its 2031 goal and 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 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. 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. On December 15, 2023, the Maryland Department of the Environment issued proposed Building Energy Performance Standards (BEPS), which would require net zero direct greenhouse gas emissions from large buildings by 2040 with interim targets. Comments on the proposed action were due to the agency on January 18, 2024. 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

**ITEM 1. BUSINESS**

**NISOURCE INC.**

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.

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 is a voluntary rider allowing 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 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, and Columbia of Kentucky were rejected and have not been implemented as of December 31, 2023. 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 Goal.** In November 2022, we announced a goal of net zero greenhouse gas emissions by 2040 covering both Scope 1 and Scope 2 GHG emissions ("Net Zero Goal"). Our 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 from 2005 levels by 2025 and reducing Scope 1 GHG emissions from company-wide operations by 90 percent from 2005 levels by 2030. We plan to achieve our 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 zero-emission energy resources and technologies, 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 Goal. As of the end of 2022, we had reduced Scope 1 GHG emissions by approximately 67% from 2005 levels.

Our greenhouse gas emissions projections, including achieving a Net Zero Goal, are subject to various assumptions that involve risks and uncertainties. Achievement of our 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 Goal, including by 2040, may differ materially.

As discussed in Management's Discussion within "Results and Discussion of 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 in 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.

**Human Capital**

**Human Capital Management Governance and Organizational Practices.** The Compensation and Human Capital Committee ("C&HC Committee") of our Board of Directors (the "Board") is primarily responsible for assisting the Board in overseeing our human capital management practices. The C&HC Committee reviews our human capital management function and programs. The review of related procedures, programs, policies and practices allows the committee to make recommendations to management with respect to equal employment opportunity and DE&I initiatives, employee engagement, corporate culture, and talent management.

In addition to overseeing our human capital management practices, our Board is committed to equal opportunity and valuing diversity. We have a goal that the Board is comprised of directors with diverse skills, expertise, experience, and demographics, including racial and gender diversity.

**Human Capital Goals and Objectives.** We have aligned our human capital goals to achieve overall company strategic and operational objectives by driving an enhanced talent strategy, elevating support for front-line leaders, fostering a culture of rigor and accountability, and strengthening our human resource function. We aspire to be an employer of choice in the utility industry, in part, through embedding DE&I throughout the enterprise and creating an enviable employee experience.

ITEM 1. BUSINESS

**NiSOURCE INC.**

**Workforce Composition.** As of December 31, 2023, we had 7,364 full-time and 47 part-time active employees (i.e., not interns, not on leave or disability). Of our total workforce, 34% were subject to collective bargaining agreements with various labor unions. These collective bargaining agreements were renegotiated in 2021 and 2023 and expire in 2026 and 2027, respectively.

**Diversity, Equity and Inclusion.** We foster an enviable work environment that embraces DE&I and where all employees are energized. In efforts to become an employer of choice, we have developed sourcing strategies to attract and retain the most qualified talent. Our executive leadership team is characterized by a diverse composition, with 75% representation from both POC and females. In addition we have made progress the last several years with growth in our overall female and POC population.

In 2023, our Diversity of Slate initiative contributed to our talent acquisition team filling 1,508 roles with 579 filled by external candidates. Our efforts in 2023 resulted in 32% of external hires being racially or ethnically diverse and 49% being female. Our sourcing efforts led our organization across all businesses to create a workforce composition that embraces all different perspectives. We believe that every move we make as a company must value and advance the interests of the individual, energize our communities, and serve as another step toward establishing a society where no one is left behind.

A company that works to become truly fair and inclusive opens the door to more voices being heard. Our employee resource groups (ERGs) serve to create a culture of inclusion through their engagement of all employees throughout the year. We continue to develop ERG leaders to equip employees with the necessary tools to further support our efforts for advancement and strengthen our inclusive workplace. A key area for us has been our implementation and development of programs to drive higher retention and engagement of our employees. Our commitment is grounded on the core belief that our purpose extends far beyond our primary role as a utility company; thus, we focused on inclusive leadership training for over 700 Directors and Managers in the organization.

We are committed to providing equal employment opportunities in each of our companies to all employees and applicants without regard to race, color, religion, national origin or ancestry, veteran status, disability, gender, age, marital status, sexual orientation, gender identity, genetic information, or any protected group status as defined by law. The input provided by our increasingly diverse workforce will continue to strengthen our corporate culture as well as drive constructive changes within our company to improve our operational strategies, enhance the quality of the services we provide, and increase revenue.

**Talent Attraction.** To recruit and hire individuals with a variety of skills, talents, backgrounds and experiences, we value and cultivate relationships with community and diversity outreach partners. We also target job fairs, including those focused on people of color and veteran and female candidates and partner with local colleges and universities to identify and recruit qualified applicants in the communities we serve.

Similar to other companies we focused on our future of work and creating a flexible, agile model for roles that can be performed in a more remote setting. Our hybrid model recognizes differing ways of working; onsite, hybrid and remote. Most of our workforce is onsite (56%) and our hybrid (36%) and remote (7%) roles provide different avenues of working and seeking talent across our footprint. Hybrid employees work in a NiSource facility twice a week. This in-office presence supports colleague connection, development, in-person mentoring, and broader team building.

As an investment in our talent attraction in 2023, our NiSource Candidate Relationship Management (CRM) was brought online enabling interface with potential candidates and pools of candidates through a talent network even when active recruiting may not be in progress. We are proud to be one of TIME magazine's World's Best Companies of 2023 and recognized to the Forbes 2023 list of Best Employers for Diversity.

**Talent Development and Retention.** We offer leadership development programs to enhance the behaviors and skills of our existing and future leaders. In 2023, we had participation from employees of all levels. We also offer extensive technical and non-technical employee development training programs.

We strive to provide promotion and advancement opportunities for employees. In 2023, for all leadership positions at the supervisor and above level posted externally, we filled 72% with internal employees. We also develop and implement targeted development action plans to increase succession candidate readiness for leadership roles. Additionally, we monitor the risk and potential impact of talent loss and take action to increase retention of top talent. Retention in 2023 was over 93%. We calculate retention as 100 minus the total number of separations divided by the average headcount for the annual period. These

ITEM 1. BUSINESS

**NiSOURCE INC.**

separations break down into involuntary separations (2%), resignations (4%), and retirements (2%). Retention has improved 2% year over year since 2021.

**Succession Planning.** We perform succession planning annually for officer level positions to ensure that we develop and sustain a strong bench of talent capable of performing at the highest levels. Talent is identified, and potential paths of development are discussed to ensure that employees have an opportunity to build their skills to be well-prepared for future roles. We maintain formal succession plans for our Chief Executive Officer ("CEO") and key officers. The succession plan for our CEO is reviewed by the Nominating and Governance Committee and the succession plans for key officers (other than the CEO) and critical roles are reviewed by the Compensation and Human Capital Committee annually or more frequently as needed.

**Employee and Workplace Health and Safety.** We have several programs to support employees, and their families' physical, mental, and financial well-being. These programs include competitive medical, dental, vision, life and long-term disability programs, including employee HSA company contributions, telemedicine services, Employee Assistance Program, Integrated Health Management navigation services, and paid time off including a wellness day, sick/disability, parental leave, and illness in family day.

We also have a robust program to support employees, contractors and public safety, which is led by our Chief Safety Officer and is under the oversight of the Safety, Operations, Regulatory and Policy Committee of our Board.

**Culture and Engagement.** Our culture is another important aspect of our ability to advance our strategic and operational objectives. In addition to our DE&I, recruiting, development and retention programs described above, we also invest in internal communications programs, including in-person and virtual learning and networking opportunities, as well as regular town hall communications to employees. We measure and monitor culture and employee engagement through various channels including employee lifecycle, pulse, and census surveys. These surveys continue to show above benchmark performance in safety, employee/manager relationships, and employee empowerment.

To instill and reinforce our values and culture, we require our employees to participate in regular training on ethics and compliance topics each year, including raising concerns, treating others with respect, preventing discrimination in the workplace, anti-bribery and corruption, data protection, unconscious biases, harassment, conflicts of interest, and how to use the anonymous ethics and compliance hotline. All employees receive training on our Code of Business Conduct annually or more frequently if there is a material change in content. Because of this training and other programs, we have learned from our most recent employee survey that 92% of our employees know what ethical violations look like and how to report them. Our business ethics program, including the employee training program, is reviewed annually by our executive leadership team and the Audit Committee of our Board of Directors.

Our Compensation and Human Capital Committee reviews reports from our Chief Human Resources Officer and Chief Diversity, Equity and Inclusion Officer on employee engagement and corporate culture. Our Board reviews results and action plans related to our enterprise-wide comprehensive employee engagement survey. Our executive leadership team, including our Chief Executive Officer, communicates directly and regularly with all employees on timely ethics topics through electronic messages, coffee chats, and all-employee town hall meetings. These communications emphasize the importance of our values and culture in the workplace.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

## NiSOURCE INC.

The following is a list of our Executive Officers, including their names, ages, offices held and other recent business experience.

<b>Name</b>	<b>Age</b>	<b>Office(s) Held in Past 5 Years</b>
Lloyd M. Yates	63	President and Chief Executive Officer of NiSource since February 2022 and Director since March 2020 Executive Vice President, Customer and Delivery Operations, and President, Carolinas Region, of Duke Energy Corporation from 2014 to 2019.
Shawn Anderson	42	Executive Vice President and Chief Financial Officer of NiSource since March 2023 Senior Vice President and Chief Strategy and Risk Officer from June 2020 to March 2023. Vice President, Strategy and Chief Risk Officer from January 2019 to May 2020.
Melody Birmingham	52	Executive Vice President, and President, NiSource Utilities of NiSource since March 2023 Executive Vice President, Chief Innovation Officer of NiSource from July 2022 to March 2023. Senior Vice President and Chief Administrator Officer of Duke Energy Corporation from May 2021 to June 2022. Senior Vice President, Supply Chain and Chief Procurement Officer of Duke Energy Indiana from 2018 to April 2021.
Donald E. Brown	52	Executive Vice President and Chief Innovation Officer of NiSource since March 2023 Executive Vice President and Chief Financial Officer of NiSource from July 2015 to March 2023. President, NiSource Corporate Services from 2020 to 2022.
William Jefferson, Jr	62	Executive Vice President, Operations and Chief Safety Officer of NiSource since July 2022 Station Director and Plant General Manager at STPNOC, Wadsworth, Texas, from 2016 to May 2022.
Michael S. Luhrs	51	Executive Vice President, Strategy and Risk Chief Commercial Officer of NiSource since March 2023 Senior Vice President at Alliant Energy from 2022 to March 2023. Vice President at Duke Energy Corporation from 2013 to 2022.
Kimberly S. Cuccia	40	Senior Vice President, General Counsel and Corporate Secretary of NiSource since April 2022 Vice President, Interim General Counsel and Corporate Secretary of NiSource from December 2021 to April 2022. Vice President and Deputy General Counsel, Regulatory, of NiSource Corporate Services Company, from January 2021 to December 2021. Vice President and General Counsel of Columbia Gas of Massachusetts and of NiSource Corporate Services Company, from 2019 to 2020.
Melanie B. Berman	53	Senior Vice President and Chief Human Resources Officer since June 2021 Executive Vice President and Chief Human Resources Officer of The Michaels Companies, Inc. from 2020 to 2021. Vice President, Human Resources of Anthem, Inc. from January 2018 to 2019.
Michael W. Hooper	50	Senior Vice President and President, NIPSCO of NiSource since May 2020 Senior Vice President, Regulatory, Legislative Affairs and Strategy, of NIPSCO from 2018 to 2020.
Gunnar J. Gode	49	Vice President, Chief Accounting Officer and Controller of NiSource since July 2020 Vice President and Controller of Washington Gas from March 2019 to 2020. Assistant Controller of Washington Gas from 2016 to March 2019.

**ITEM 1A. RISK FACTORS**

**NISOURCE INC.**

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock.

**OPERATIONAL RISKS**

**We may not be able to execute our business plan or growth strategy, including utility infrastructure investments.**

Operational, financial or regulatory conditions may result in our inability to execute our business plan or growth strategy, including investments related to natural gas pipeline modernization and our renewable energy projects, and the build-transfer execution goals within our business plan.

Our enterprise-wide transformation roadmap initiatives are designed to identify long-term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization, has increased the volume and pace of change and may not be effective as it continues. Our customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, and mergers from time to time as we execute on our business plan and growth strategy. Any of these circumstances could adversely affect our business, results of operations and growth prospects. Even if our business plan and/or growth strategy are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We are currently experiencing, and expect to continue to experience, supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects, as well as our ability to ensure timely completion.

**Our distribution, transmission and generation activities involve a variety of inherent hazards and operating risks, including potential public safety risks.**

Our gas distribution and transmission, electric generation, transmission and distribution activities, involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over-pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental spills, mechanical problems and other incidents, which could cause substantial financial losses. These hazards and risks have resulted and may result in serious injury or loss of life to employees and/or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial business and financial losses. The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. Hazardous incidents have subjected and may subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the future adversely affect our reputation, cash flows, financial position and/or results of operations. We maintain insurance against some, but not all, of these risks and losses.

**We currently conduct and may conduct in the future certain operations through a JV arrangement involving third-party investors that may result in operational impasses or litigation, including business delays as a result of such arrangements.**

We have and may enter into JV arrangements involving third-party investors, including the NIPSCO Minority Interest Transaction. As part of a JV arrangement, third-party investors may hold certain protective rights that may impact our ability to make certain decisions, restricting our operational and corporate flexibility. Any such third-party investors may have interests and objectives which may differ from ours, we may be unable to cause these third parties to take action that we believe would be in the JV's best interest, and, accordingly, disputes may arise that may result in operational impasses or litigation, including business delays.

**Failure to adapt to advances in technology, including alternative energy sources, and changes in laws or regulations to support such advances in technology or alternative energy sources, and our ability to manage such related costs could make us less competitive.**

**ITEM 1A. RISK FACTORS**

**NISOURCE INC.**

A key element of our electric business model includes generating power at central station power plants to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, energy storage, and energy efficiency designed to reduce regulated emissions. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating facilities to decline.

Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and/or efficiency of other products, and potential competition supported by changes in laws or regulations could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets.

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology, successfully implement such changes, and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our business, results of operations and financial condition. Furthermore, if these changes do not provide the anticipated benefits or meet customer demands, such failure could materially adversely affect our business model as well as impact results of operations and financial condition.

**Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails.**

We use a variety of technological tools and systems including both Company-owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact its financial condition and results of operations. Although the Company has, when possible, developed alternative sources of technology and built redundancy into its computer networks and tools, there can be no assurance that these efforts would protect against all potential issues related to the loss of any such technologies.

**Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs.**

We have risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and/or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, and (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs.

Supply chain issues related to shortages of materials, labor and transportation logistics may lead to delays in the maintenance and replacement of aging or damaged infrastructure, which could increase the probability and/or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile some materials in inventory for such supply risks, we may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of electric service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results.

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**We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses.**

Our ability to obtain insurance, as well as the cost and coverage of such insurance, is impacted by various events and developments affecting our industry and the financial condition and underwriting considerations of insurers. For example, some insurers have discontinued underwriting certain carbon-intensive energy-related businesses such as those in the coal industry or excluded coverage for specific perils such as wildfires or punitive damage risks. Certain perils, such as cyber liability, are now being excluded from some master policies for property and casualty insurance, requiring, where we have the ability, procurement of additional policies to maintain consistent coverage at an additional cost. Specific natural catastrophe events, such as hail and tornado, may not be covered with the same limits as other perils in certain property policies, as full coverage for these events is unavailable in the marketplace without costly specialty policies. Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position.

**Aspects of the implementation of our electric generation strategy, including the timing of the retirement of our coal generation units or the addition of new generation resources, may be delayed and may not achieve intended results.**

We intend to retire the remaining two coal units at R.M. Schahfer Generating Station by the end of 2025 and the remaining coal-fired generation by the end of 2028, to be replaced by lower-cost, reliable and cleaner options. Our 2021 Integrated Resource Plan (“2021 Plan”) validated the activities underway pursuant to our prior Integrated Resource Plans and calls for the retirement of the Michigan City Generating Station, replacement of existing vintage gas peaking facilities at the R.M. Schahfer Generating Station and upgrades to the electric transmission system. Macro supply chain issues and U.S. federal policy actions could create uncertainty around the availability of key input materials necessary to develop and place our renewable energy projects in service.

In the U.S., solar industry supply chain issues include the U.S. Department of Commerce regulations related to antidumping and countervailing duties circumvention, the Uyghur Forced Labor Protection Act, Section 201 Tariffs and persistent general global supply chain and labor availability issues. The most prominent effect of these issues is the curtailment of imported solar panels and other key components required to complete utility scale solar projects in the U.S. Any available solar panels may not meet the cost and efficiency standards of our currently approved projects and the incremental cost may not be recoverable through customer rates. As a result of the challenges in obtaining solar panels, many solar projects in the U.S. have been delayed or canceled. As we are in the midst of a transition to an electric generation portfolio with more renewable resources, including solar, our projects are vulnerable to the effects of these issues.

Our expectation has been that renewable or alternative energy sources would be some of the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. The uncertainty surrounding the completion of generation resource projects could create significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Any additional delays to the completion dates of our planned and approved solar projects or other electric generation projects, including our proposed gas peaking facility could impact our capacity position and our ability to meet our resource adequacy obligations to MISO. Delays to the completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition.

Our electric generation strategy may require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. An inability to secure and deliver on renewable projects has negatively impacted, and could in the future negatively impact, our generation transition timeline and could negatively impact our achievement of decarbonization goals and reputation.

**Our capital projects and programs subject us to construction and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies.**

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Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs. Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth, which may not materialize, and may cause the construction to occur over an extended period of time.

Construction risks include, but are not limited to, changes in the availability or costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, poor initial cost estimates, unforeseen engineering issues, and general contractors and subcontractors not performing as required under their contracts.

We are monitoring risks related to increasing delivery lead times for certain construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We continue to see increasing prices associated with certain materials, equipment and products, which impacts our ability to complete major capital projects at the cost that was planned and approved. To the extent that delays occur, costs increase, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our affordability and complete our capital projects, our business operations, results of operations, cash flows, and financial condition may be adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase.

Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights-of-way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion.

**A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, and economic conditions impact customer demand.**

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on “normal” weather, which represents a long-term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting our financial results. Commodity prices have been and may continue to be volatile as described in more detail in the below risk factor. Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers’ usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, consumption and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results.

**Fluctuations in the price of energy commodities or their related transportation costs, or an inability to obtain an adequate, reliable and cost-effective fuel supply may impact our ability to meet customer demand.**

Our current electric generating fleet has dependencies on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in selling energy to our customers. While we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner.

In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation and storage facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if

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capacity is inadequate or if supply is interrupted due to issues at the wellhead, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and/or natural gas supplies at then-current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and/or prospects.

**Failure to attract, retain or re-skill an appropriately qualified workforce, and maintain good labor relations, could adversely impact safety, service reliability, and customer satisfaction.**

Although our attrition rates have stabilized and are improving, we face increased competition for talent which may result in longer hire times or increased cost due to the competitive nature of certain positions.

We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment or other conditions, including those related to organizational changes as described in the risk factor below.

Further, as part of our strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal-fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re-skill certain employees to support our long-term objectives. Additionally, successful implementation of our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee its progress.

A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Failure to attract, retain, or re-skill qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, could result in a loss of momentum, loss of high-level employees to our peers and could materially adversely affect our business, results of operations, cash flow and financial condition. If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory labor relations, safety, service reliability, customer satisfaction and our results of operations could be adversely affected.

**If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment.**

In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes from our transformation initiatives have put short-term pressure on employees due to the volume and pace of change and, in some cases, the loss of personnel. Front-line workers are being impacted by the variety of process and technology changes that are currently in progress.

If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted.

**Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses.**

We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long-term strategy or the interests of our other stockholders. Our response to suggested actions, proposals, director nominations and

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contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees, and be costly and time-consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third-party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism.

**We outsource certain business functions to third-party suppliers and service providers, and may be impacted by substandard performance or quality by third parties.**

Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We are seeing slowing deliveries from suppliers and in some cases materials and labor shortages for capital projects. In addition to delays and unavailability, at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non-compliance (including with applicable legal requirements and industry standards), interruption of service, accidents, or reputational harm, which could negatively impact our business, financial condition and results of operations. The nature of indirect supply chain, including a potential lack of control or certain visibility into sourcing by vendors, may also impact our ability to serve customers in a safe, reliable and cost-effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If we continue to see delayed deliveries and shortages or if any other difficulties in the operations of these third-party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers, or employees.

**A cyber-attack or security breach on any of our or certain third-party technology systems, including but not limited to information systems, infrastructure, software and hardware, upon which we rely may adversely affect our ability to operate, could lead to a loss or misuse of confidential and proprietary information, or potential liability.**

We are reliant on technology to run our business, which is dependent upon technology systems to process critical information necessary to conduct various elements of our business, including the generation, transmission and distribution of electricity; operation of our gas pipeline facilities; and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. In addition to general information and cybersecurity risks that all large corporations face (e.g., ransomware, malware, unauthorized access attempts, phishing attacks, malicious intent by insiders, third-party software vulnerabilities and inadvertent disclosure of sensitive information), the utility industry faces evolving and increasingly complex cybersecurity risks associated with protecting electric grid and natural gas infrastructure as well as sensitive and confidential customer and employee information. Deployment of new business technologies, along with maintaining legacy technology, represents a large-scale opportunity for attacks on our information systems and confidential customer and employee information, as well as on the integrity of the energy grid and the natural gas infrastructure. Increasing large-scale corporate cyber-attacks in conjunction with more sophisticated threats continue to challenge power and utility companies. Additionally, international conflicts, as well as increased surveillance activity from China, has increased the likelihood of a cyber-attack or security breach on critical infrastructure systems.

Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks or security breaches by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such cyber-attacks or security breaches, our cybersecurity program does not prevent all breaches, cyber-attack or security breach incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, cybersecurity intrusions and attacks or security breaches to our information systems. To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted cyber-attacks or security breaches have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber- attack or security breach techniques, lack of cybersecurity hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non-compliance with

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cybersecurity controls can also result in a cybersecurity incident. We are aware of vendor cyber incidents that have impacted our business, although no such events have had a material impact. Cyber-attacks or security breaches can occur at any point in the supply chain or with any suppliers, and future supplier non-compliance with cybersecurity controls could result in material cybersecurity incidents. In addition, we use unmanned aircraft systems (UAS) or drones in our business operations. UASs are also being used for malicious activities and the cybersecurity risk in connection with operating UASs is increasing.

In addition, we collect and retain personally identifiable information of our customers and employees. Customers and employees expect that we will adequately protect their personal information. The legal and regulatory environment surrounding information security and privacy is increasingly demanding.

Although we attempt to maintain adequate defenses to these cyber-attacks or security breaches and work through industry groups and trade associations to identify common threats and assess our countermeasures, a security breach of our information systems or operational technology, or a security breach of the information systems of our customers, suppliers or others with whom we do business, could (i) adversely impact our ability to safely and reliably deliver electricity and natural gas to our customers through our generation, transmission and distribution systems and potentially negatively impact our compliance with certain mandatory reliability and gas flow standards, (ii) subject us to reputational and other harm or liabilities associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to our customers or employees, (iii) impact our ability to manage our businesses, and/or (iv) subject us to legal and regulatory proceedings and claims from third parties, in addition to remediation costs, any of which, in turn, could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and/or prospects. Although we do maintain cybersecurity insurance, it is possible that such insurance will not adequately cover any losses or liabilities we may incur as a result of a cybersecurity incident.

**Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and/or cash flows.**

As cyber-attacks or security breaches are becoming more sophisticated, critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted. In 2021, the TSA announced two new security directives in response to a ransomware attack on the Colonial Pipeline that occurred earlier in the year. These directives, including updates or amendments to such TSA directives, require critical pipeline owners to comply with mandatory reporting measures, designate a cybersecurity coordinator, provide vulnerability assessments, and ensure compliance with certain cybersecurity requirements. NiSource continues to work with the TSA to ensure that compliance with the security directives are being met. Additionally, on November 30, 2022, the TSA issued an advance notice of proposed rulemaking (ANPRM) seeking public comment on more comprehensive, formal cybersecurity regulations for the pipeline industry. Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber-attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any failure to comply with government regulations or any failure in our cybersecurity protective measures may result in enforcement actions, all of which may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates.

**The impacts of natural disasters, acts of terrorism, acts of war, civil unrest, accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers.**

A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, wildfire, or other major weather event, or terrorist attack, acts of war, international military invasions, including the political and economic disruption and uncertainty related to such terrorist attack, acts of war, or international military invasions (e.g. Russia's military invasion of Ukraine, Israel/Hamas conflict), civil unrest, accident, public health emergency (e.g. pandemic), or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, the supply chain constraints that we are experiencing could impact our ability to timely restore services. The occurrence of such events could materially adversely affect our business, financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. As a result, the amount and scope

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of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.

**We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception.**

As a utility company, we are subject to adverse publicity focused on the reliability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or cybersecurity incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental impacts. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The foregoing may have adverse effects on our business, results of operations, cash flow and financial condition.

**The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations.**

Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including heat stresses to power lines, cold temperature stress to our electric and gas systems, and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers. Further, as our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards than centralized fossil generation, thereby increasing the frequency of weather impacts to overall electric reliability and such distributed renewables. Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us.

Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower-carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with adverse economic conditions, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy-efficient buildings and energy storage devices, and new regulations restricting emissions, including potential regulations of methane emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost-competitive option over time, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future.

We are unable to forecast the future of commodity markets. Some of our baseload generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long-term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs, reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services.

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Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could harm our reputation and adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, in February 2023, the Maryland Office of People's Counsel filed a petition with the Maryland PSC seeking an investigation regarding planning, practices, and future operations of natural gas suppliers in the state and this initiated a proceeding related to Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies, and in December 2023 the Maryland Department of Environment proposed a Building Efficiency Performance Standard regulation that could require buildings of a certain size and type eliminate Scope 1 GHG emissions by 2040.

#### **We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goals.**

On November 7, 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the "Net Zero Goal"). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economical to deploy, the impacts and costs of which are not fully understood at this time. NIPSCO's electric generation transition is a key element of the Net Zero Goal. Our analysis and plan for execution, which is outlined in the NIPSCO 2021 Integrated Resource Plan, requires us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements, service territory size and capacity needs remaining in line with expectations; regulatory approval; impacts of future environmental regulations or legislation; impact of future GHG pricing regulations or legislation, including a future carbon tax or methane fee; price, availability and regulation of carbon offsets; price of fuel, such as natural gas; cost of energy generation technologies, such as wind and solar, natural gas and storage solutions; adoption of alternative energy, including adoption of electric vehicles; rate of technology innovation with regards to alternative energy resources; our ability to implement our modernization plans for our pipelines and facilities; the ability to complete and implement generation alternatives to NIPSCO's coal generation and retirement dates of NIPSCO's coal facilities by 2028; the ability to construct and/or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of scarcity of resources and labor, project cancellations, construction delays or overruns and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; and advancement of energy efficiencies. Any negative opinions with respect to these goals or our environmental practices, including any inability to achieve, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition.

#### **FINANCIAL, ECONOMIC AND MARKET RISKS**

##### **We have substantial indebtedness which could adversely affect our financial condition.**

Our business is capital intensive and we rely significantly on long-term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. We had total consolidated indebtedness of \$14,127.9 million outstanding as of December 31, 2023. Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, non-compliance with debt covenants could adversely affect our

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ability to obtain future borrowings and as a result materially adversely affect our business, financial condition, results of operations, and liquidity.

**A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity.**

The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances.

Certain of our subsidiaries have agreements that contain “ratings triggers” that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, 2023, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$90.1 million. In addition to agreements with ratings triggers, there are other agreements that contain “adequate assurance” or “material adverse change” provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If our or certain of our subsidiaries’ credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community.

**Adverse economic and market conditions, including increases in inflation or interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity.**

Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations.

We rely on access to the capital markets to finance our liquidity and long-term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long-term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short-term borrowings to fund a portion of day-to-day business operations. Actions to reduce inflation, including raising interest rates, increase our cost of borrowing, which in turn could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long-term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because NIPSCO’s current generating facilities substantially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, large institutional investors may choose to sell or choose not to purchase our stock due to environmental, social and governance (“ESG”) concerns or concerns regarding renewable energy supply chain challenges. Reduced access to capital markets, increased borrowing costs, and/or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings.

**ITEM 1A. RISK FACTORS**

**NiSOURCE INC.**

If, in the future, we face limits to the credit and capital markets or experience significant increases in the cost of capital or are unable to access the capital markets, it could limit our ability to implement, or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity.

**Most of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.**

Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, the quality of service, regulatory interpretations, customer intervention, economic conditions and the political environment. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services.

**The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity.**

The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These state regulatory commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC).

Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing interests. Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudency reviews by state regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings could adversely affect our financial position, results of operations and cash flows.

There can be no assurance that regulators will approve the recovery of all costs incurred by our electric and natural gas companies, including costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cyber-security laws and regulations. Challenges arise with state regulators on inflationary pricing for electric and gas materials and potential price increases, ensuring that updated pricing for electric and gas materials is included in plans and regulatory assumptions, and ensuring there is a regulatory recovery model. There is debate among state regulators and other stakeholders over how to transition to a decarbonized economy and prudency arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating costs could have an adverse effect on a company's financial position, results of operations and cash flows.

Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs or operational requirements for the companies.

In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company's allowed ROE as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments. These actions would have an adverse effect on our financial position, results of operations and cash flows.

**ITEM 1A. RISK FACTORS**

**NI SOURCE INC.**

Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations, including the expected final ruling around leak detection and repair requirements could subject our gas utilities to higher operating costs and divert business resources from other activities in order to remain compliant. If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation.

Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows.

**Our business operations are subject to economic conditions in certain industries.**

Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and consumer demand for environmentally friendly products and practices. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs, government and societal pressure to decarbonization, and fluctuating demand for its products. In addition, our results of operations are negatively impacted by lower revenues resulting from higher bankruptcies, predominately focused on commercial and industrial customers not able to sustain operations through the economic disruptions related to the pandemic.

**We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.**

Our extension of credit is governed by a Corporate Credit Risk Policy, involves judgment by our employees and is based on an evaluation of customer, supplier, or counterparty's financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market-based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions could result in an increase in defaults by customers, suppliers and counterparties. We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations. Such risks could negatively impact our business, financial condition and cash flow.

**We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock.**

We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected.

**Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.**

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which could fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan expenses could negatively impact our results of operations and financial position.

**We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements.**

**ITEM 1A. RISK FACTORS**

**NISOURCE INC.**

In accordance with GAAP, we test goodwill for impairment at least annually and review our definite-lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, the carrying value of goodwill would not be recoverable, in which case we may record a non-cash impairment charge, which could materially impact our results of operations and financial position.

A significant impairment charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility, which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2023, the ratio was 58.2%.

**LITIGATION, REGULATORY AND LEGISLATIVE RISKS**

**The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity.**

We are, or may be, involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations, the most significant of which are summarized in, Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. While we have insurance, it may not cover all costs or expenses incurred relating to litigation. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity.

**Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies and a failure to comply with changes in, or new or different interpretations of, such laws, regulations, tariffs and policies could have an adverse impact on our business.**

Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new or different laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints may challenge our ability to remain in compliance if we cannot obtain the materials that we need to operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected.

**Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition.**

Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, leak detection and repair, GHG and waste products such as CCR. Compliance with these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage.

Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities.

ITEM 1A. RISK FACTORS

**NISOURCE INC.**

An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we continue to execute our plan to reduce our Scope 1 GHG emissions through the retirement of coal-fired electric generation, increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, and while we have set a Net Zero Goal, GHG emissions are anticipated to be associated with energy delivery for many years. 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.

Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and plans to promulgate additional regulations concerning the management, transformation, transportation and storage of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage.

We currently have a pending application with the EPA to continue operation of a CCR impoundment that is tied to operation of R.M. Schahfer Generating Station Units 17 and 18 to the end of 2025, with the CCR impoundment closing by October 2028. In proposed and final EPA actions denying continued operation of CCR impoundments at other utilities, EPA said that CCR impoundments should cease receipt of CCRs within 135 days of final EPA action unless certain conditions are demonstrated, such as potential reliability issues. In the event that approval is not obtained, future operations could be impacted.

The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes or increases in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows.

**Changes in tax laws or the interpretation thereof and challenges to tax positions could adversely affect our financial results.**

We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted or interpreted by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than \$1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. Separately, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

ITEM 1B. UNRESOLVED STAFF COMMENTS

**NiSOURCE INC.**

None.

ITEM 1C. CYBERSECURITY

NiSource has implemented and maintains a comprehensive cybersecurity program that includes a variety of security controls and measures designed to identify, assess, and manage material cybersecurity risks. The program is a part of NiSource's enterprise risk management strategy. The enterprise risk team and the Risk Management Committee review material risks to any NiSource operating company based on perspectives from external experts, peer surveys, and the potential impact to NiSource's enterprise assets and strategic objectives.

Risk events are classified based on both the timing of impact and NiSource's ability to preventatively mitigate the risk. For the cybersecurity risks that can be preventively mitigated, the enterprise risk team gathers quarterly updates on mitigation gap closure from risk owners. The Risk Management Committee reviews any mitigation gaps identified by risk owners and approves or rejects the pace of mitigation activities as a statement of risk tolerance and then directs that mitigation activities be included in budgets and the business plan as appropriate.

The NiSource cybersecurity program includes the following key components:

**Risk assessment** NiSource regularly assesses its cybersecurity risks to identify and prioritize the most significant threats. The risk assessment process considers a variety of factors, including those specific to the utility/energy industry, the types of data NiSource collects and stores, and the threats posed by known vulnerabilities. NiSource engages third parties to perform independent assessments of its cybersecurity program, provide intelligence about the threat environment, and to provide operational assistance in managing the program. Annually, a third-party independent assessment is performed to evaluate NiSource cybersecurity maturity against a framework of cybersecurity controls. NiSource also performs bi-annual penetration testing and social engineering assessments performed by a third-party.

**Third-party risk management:** NiSource performs cyber assessments periodically on third-party vendors and service providers with whom NiSource shares data, relies on for critical business functions, or provides access to the NiSource network or systems. NiSource's Supply Chain function works with legal counsel and the Cyber function to periodically update cybersecurity contractual provisions in its vendor agreements, with deviations from such provisions requiring approval from the Legal Department and Cyber function. NiSource's Supplier Code of Business Conduct requires, among other things, that suppliers ensure safe and secure use of information assets, comply with applicable law relating to personal information, and adhering to standards relative to the use and protection of Company information, including that of our employees, customers, vendors and other stakeholders. In addition, all vendors and contractors that have access and/or connectivity to the NiSource environment must complete cybersecurity training annually.

**Security controls:** NiSource has implemented a variety of security controls to mitigate cybersecurity risks. These controls include technical controls, such as firewalls and intrusion detection systems, as well as administrative controls, such as employee training and security awareness programs. To ensure cybersecurity controls, NiSource Operational Technology (OT) within the electric business adheres to the North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP). Within the natural gas business, cybersecurity controls are managed and monitored based on the Transportation Security Administration (TSA) Security Directives.

**Incident response:** NiSource has a comprehensive incident response plan in place to respond to cybersecurity incidents. The plan includes steps for detection, analysis, containment, eradication, and recovery from incidents, as well as steps for notifying affected individuals and regulators.

The NiSource Board of Directors' Audit Committee has responsibility for oversight of the cybersecurity program and risks from cybersecurity threats. The Audit Committee meets quarterly to review NiSource's cybersecurity posture and make recommendations for improvement. The Chief Information Security Officer (CISO) regularly briefs the Audit Committee on cybersecurity risks and the efforts to address them. In addition, the Board of Directors is briefed regularly, through written reports and updates by the Audit Committee, about key and emerging cybersecurity risks.

At the management level, the CISO leads the cybersecurity program and is responsible for assessing and managing cybersecurity risks. Our CISO has expertise and experience in cybersecurity derived from over 15 years of cyber related work experience and possess several certifications including Certified Information Systems Security Professional (CISSP), Certified

## ITEM 2. PROPERTIES

### **NiSOURCE INC.**

in Risk and Information Systems Control (CRISC), and Certified Information Systems Auditor (CISA). The CISO is supported by the NiSource Enterprise Security team which performs the cybersecurity function and engages directly on the prevention, detection, mitigation, and remediation of cybersecurity incidents.

As of the date of filing this Annual Report on Form 10-K, NiSource is not aware of any material cybersecurity incidents during the past year. NiSource monitors the increasing sophistication of cybersecurity threats and continues to contribute resources to improve its cybersecurity program to protect its information systems and assets. No cybersecurity program is effective to identify and mitigate all threats, and NiSource cannot guarantee that it will be able to prevent all cybersecurity incidents. Such an incident could interrupt our normal operations and require us to incur significant costs to remediate any such incident and could have a material impact on our businesses, operations and financial condition. For more information regarding the risks associated with cybersecurity, see “A cyber-attack or security breach on any of our or certain third-party technology systems, including information systems, upon which we rely may adversely affect our ability to operate, could lead to a loss or misuse of confidential and proprietary information, or potential liability.” included in Part I, “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

## ITEM 2. PROPERTIES

Discussed below are the principal properties held by us and our subsidiaries as of December 31, 2023.

### Gas Distribution Operations

Refer to Item 1, "Business - Gas Distribution Operations," of this report for further information on Gas Distribution Operations properties.

### Electric Operations

Refer to Item 1, "Business - Electric Operations," of this report for further information on Electric Operations properties.

### Corporate and Other Operations

We own the Southlake Complex, our 325,000 square foot headquarters building located in Merrillville, Indiana.

### Character of Ownership

Our principal properties and our subsidiaries' principal properties are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of our subsidiary offices in various communities served are occupied under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is our practice to regularly pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by us or our subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. We do not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which our electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased, a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

## ITEM 3. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 19, "Other Commitments and Contingencies - C. Legal Proceedings," in the Notes to Consolidated Financial Statements.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**NiSOURCE INC.**

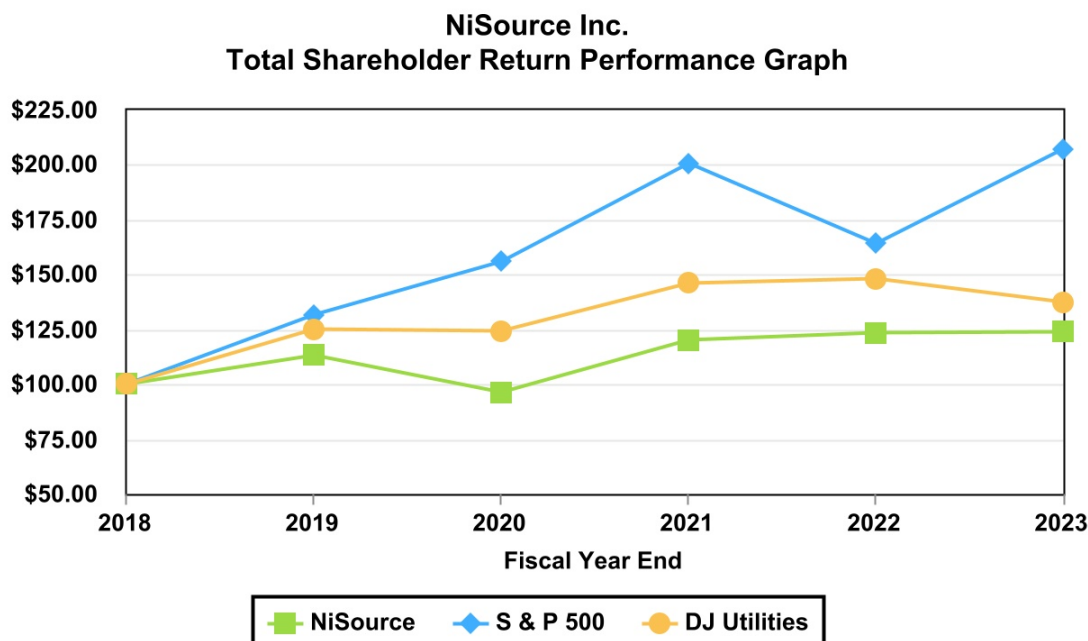
NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI."

Holders of shares of NiSource's common stock are entitled to receive dividends if and when declared by the Board out of funds legally available, subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August, and November. At its January 25, 2024 meeting, the Board declared a quarterly common dividend of \$0.265 per share, payable on February 20, 2024 to holders of record on February 5, 2024.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board. There can be no assurance that NiSource will continue to pay such dividends or the amount of such dividends.

As of February 14, 2024, NiSource had 15,832 common stockholders of record and 447,524,529 shares outstanding.

The graph below compares the cumulative total shareholder return of NiSource's common stock for the period commencing December 31, 2018 and ending December 31, 2023 with the cumulative total return for the same period of the S&P 500 and the Dow Jones Utility indices.



The foregoing performance graph is being furnished as part of this Annual Report on Form 10-K solely in accordance with the requirement under Rule 14a-3(b)(9) to furnish stockholders with such information, and therefore, shall not be deemed to be filed or incorporated by reference into any filings by NiSource under the Securities Act or the Exchange Act.

The total shareholder return for NiSource common stock and the two indices is calculated from an assumed initial investment of \$100 and assumes dividend reinvestment.

**Purchases of Equity Securities by Issuer and Affiliated Purchasers.** For the three months ended December 31, 2023, no equity securities that are registered by NiSource Inc. pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our affiliated purchasers.

ITEM 6. RESERVED

**NISOURCE INC.**

Not applicable.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

NiSOURCE INC.

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**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" and Item 1A, "Risk Factors" at the beginning of this report for a list of factors that may cause results to differ materially.

This Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Consolidated Financial Statements and related Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose 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 Operations and Electric Operations.

Refer to the "Business" section under Item 1 of this Annual Report on Form 10-K and Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements 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 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 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.

**2023 Overview:** In 2023, we continued to make significant progress towards our strategic and financial goals and objectives by achieving in-service status in June 2023 and substantial completion in August 2023 for our first two solar BTA projects, Indiana Crossroads Solar and Dunns Bridge I. We continue to progress on the remaining portfolio of projects that will enable our electric generation transition. During the year, we received orders for four cases: Columbia of Virginia, Columbia of Ohio, Columbia of Maryland, and NIPSCO Electric. In addition, the NIPSCO Gas rate case filed in 2023 is anticipated to be resolved in the third quarter of 2024. These cases represent balanced outcomes supporting all stakeholders. Between our Gas Distribution and Electric Operating Segments, we added 22,000 customers. We also invested \$1.5 billion in infrastructure modernization to enhance safe, reliable service, including replacement of 339 miles of distribution main and service lines, 34 miles of underground cable and 1,942 electric poles.

We also made advancements in key strategic initiatives, described in further detail below.

**Your Energy, Your Future:** We continue to advance Your Energy, Your Future primarily through the continuation and enhancement of existing programs, such as retiring and replacing remaining coal-fired electric generation by 2028 with 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 2018 Integrated Resource Plan ("2018 Plan") is well underway, and we are continually adjusting to the dynamic energy landscape. As of

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NISOURCE INC.**

December 31, 2023, we have executed and received IURC approval for BTAs and PPAs 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, the provisions of the IRA became effective. On January 17, 2024, the IURC approved full ownership of the Cavalry and Dunns Bridge II projects, allowing NIPSCO to leverage provisions of the IRA to monetize tax credits for the benefit of customers in lieu of utilizing tax equity partnerships. We are evaluating the impact of this legislation on our remaining projects, with potential to drive increased value to customers. For additional information, see "Results and Discussion of Operations - Electric 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 to retire 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 facility to replace existing vintage gas peaking facilities at the R.M. Schahfer Generating Station to support system reliability and resiliency, and upgrades to the electric transmission system. 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 facility with the IURC. The planned retirement of the two vintage gas peaking 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.

We continue to enhance safety and reduce methane emissions on our gas systems through modernization programs and utilization of advanced leak detection and repair. Advanced mobile methane-detection vehicles are being deployed across our service territory. These vehicles are designed to identify potential natural gas leaks using proven technology that is more sensitive than traditional leak-detection equipment. Resources like these vehicles are advancing the company's commitment to safety and reaching our goal of net zero greenhouse gas emissions by 2040.

In addition, we plan to advance other low- or zero-emission energy resources and technologies, such as hydrogen and renewable natural gas. In 2023, we launched a multi-phase pilot project at the Columbia Gas of Pennsylvania Training Center's Safety Town to better understand the impact of blending hydrogen into the natural gas system. We have partnered with outside experts to conduct a series of field trials blending hydrogen with the natural gas system at various percentages. The blending system allows blending from 0% to 20% hydrogen, by volume. The field trials have initially focused on the customer experience and are now moving toward system operations and other procedures. This pilot is designed to help us understand hydrogen blending into the natural gas system, identify best practices, and analyze the operational and safety impact on company infrastructure and customer appliances. Carbon offsets and renewable energy credits may also be used to assist with achieving GHG reductions and our Net Zero Goal.

**NIPSCO Minority Interest Transaction:** On December 31, 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued the 19.9% equity interest in NIPSCO Holdings II to BIP in exchange for a capital contribution of \$2.16 billion in cash. Refer to Note 4, "Noncontrolling Interest," in the Notes to the Consolidated Financial Statements 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 committed to identifying and implementing initiatives that will enable us to streamline work and improve logistics company-wide. These efforts 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 of our optimization initiatives will prioritize safety and continue to optimize our long-term growth profile.

**Economic Environment:** We continue to monitor risks related to order and delivery lead times for construction and other materials, potential unavailability of materials due to global shortages in raw materials, and 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 plan delays occur or our costs increase, our business operations, results of operations, cash flows, and financial condition could be materially adversely affected. Refer to Item 1A, Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K for further detail.

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,

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**
**NiSOURCE INC.**

leadership enablement programs, succession, performance management) to promote retention of our current employees along with having a competitive and attractive appeal 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. Refer to Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K for further detail.

The market price of natural gas has been stable during the last half of 2023 at lower levels than 2022 and with little volatility. Similar to natural gas pricing, electric commodity costs have stayed subdued due to plentiful supplies of natural gas and coal and the growing influence of renewable generation on power market pricing. Changes in commodity prices do not have a material impact on our results of operations, however higher commodity prices can impact our cash flows and liquidity. For more information on our commodity price impacts, see Item 1A. Risk Factors, "Operational Risks" of this Annual Report on Form 10-K, "Results and Discussion of Segment Operations - Gas Distribution Operations," "Results and Discussion of Segment Operations - Electric Operations," and "Market Risk Disclosures."

Due to rising interest rates, we experienced higher interest expense during 2023 compared to 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" and Item 1A. Risk Factors, "Financial, Economic and Market Risks" of this Annual Report on Form 10-K.

**Summary of Consolidated Financial Results**

A summary of our consolidated financial results for the years ended December 31, 2023, 2022 and 2021, are presented below:

Year Ended December 31, (in millions, except per share amounts)	2023	2022	2021	Favorable (Unfavorable)	
				2023 vs. 2022	2022 vs. 2021
<b>Operating Revenues</b>	\$ 5,505.4	\$ 5,850.6	\$ 4,899.6	\$ (345.2)	\$ 951.0
<b>Operating Expenses</b>					
Cost of energy	1,533.3	2,110.5	1,392.3	577.2	(718.2)
Other Operating Expenses	2,676.6	2,474.3	2,500.4	(202.3)	26.1
<b>Total Operating Expenses</b>	<b>4,209.9</b>	<b>4,584.8</b>	<b>3,892.7</b>	<b>374.9</b>	<b>(692.1)</b>
<b>Operating Income</b>	<b>1,295.5</b>	<b>1,265.8</b>	<b>1,006.9</b>	<b>29.7</b>	<b>258.9</b>
Total Other Deductions, Net	(481.6)	(309.4)	(300.3)	(172.2)	(9.1)
Income Taxes	139.5	164.6	117.8	25.1	(46.8)
<b>Net Income</b>	<b>674.4</b>	<b>791.8</b>	<b>588.8</b>	<b>(117.4)</b>	<b>203.0</b>
Net (loss) income attributable to noncontrolling interest	(39.9)	(12.3)	3.9	27.6	16.2
<b>Net Income attributable to NiSource</b>	<b>714.3</b>	<b>804.1</b>	<b>584.9</b>	<b>(89.8)</b>	<b>219.2</b>
Preferred dividends and redemption premium	(52.6)	(55.1)	(55.1)	2.5	—
<b>Net Income Available to Common Shareholders</b>	<b>661.7</b>	<b>749.0</b>	<b>529.8</b>	<b>(87.3)</b>	<b>219.2</b>
Basic Earnings Per Share	\$ 1.59	\$ 1.84	\$ 1.35	\$ (0.25)	\$ 0.49
Diluted Earnings Per Share	\$ 1.48	\$ 1.70	\$ 1.27	\$ (0.22)	\$ 0.43

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

The decrease in net income available to common shareholders during 2023 was primarily due to lower revenue resulting from the effects of weather, the receipt of the insurance settlement related to the Greater Lawrence Incident in 2022, higher other deductions due to higher interest expense in 2023, partially offset by lower tax expense and favorable impact from net loss attributable to noncontrolling interest. The decrease in preferred dividends during 2023 was due primarily to the redemption of Series A Preferred Stock in the second quarter 2023. See Note 6, "Equity," for additional information.

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.

Other Deductions, Net

The change in Other deductions, net in 2023 compared to 2022 is primarily driven by higher long-term and short-term debt interest in 2023 and higher non-service pension costs offset by increases in AFUDC. See Note 7, "Short-Term Borrowings," Note 8, "Long-Term Debt," and Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for additional information.

Income Taxes

The decrease in income tax expense in 2023 compared to the same period in 2022 is primarily attributable to lower pre-tax income.

Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information on income taxes and the change in the effective tax rate.

**RESULTS AND DISCUSSION OF OPERATIONS**

Presentation of Segment Information

Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, are presented as "Corporate and Other" within the Notes to the Consolidated Financial Statements and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**
**NiSOURCE INC.**
**Gas Distribution Operations**

Financial and operational data for the Gas Distribution Operations segment for the years ended December 31, 2023, 2022 and 2021, are presented below:

Year Ended December 31, <i>(in millions)</i>	2023	2022	2021	Favorable (Unfavorable)	
				2023 vs. 2022	2022 vs. 2021
<b>Operating Revenues</b>	\$ 3,732.7	\$ 4,019.8	\$ 3,183.5	\$ (287.1)	\$ 836.3
<b>Operating Expenses</b>					
Cost of energy	1,087.0	1,534.8	962.7	447.8	(572.1)
Operation and maintenance	1,061.3	1,045.3	993.8	(16.0)	(51.5)
Depreciation and amortization	464.6	415.9	383.0	(48.7)	(32.9)
(Gain) loss on sale of fixed assets and impairments, net	—	(103.9)	8.7	(103.9)	112.6
Other taxes	217.9	211.9	217.8	(6.0)	5.9
<b>Total Operating Expenses</b>	<b>2,830.8</b>	<b>3,104.0</b>	<b>2,566.0</b>	<b>273.2</b>	<b>(538.0)</b>
<b>Operating Income</b>	<b>\$ 901.9</b>	<b>\$ 915.8</b>	<b>\$ 617.5</b>	<b>\$ (13.9)</b>	<b>\$ 298.3</b>
<b>Revenues</b>					
Residential	\$ 2,517.7	\$ 2,609.6	\$ 2,143.4	\$ (91.9)	\$ 466.2
Commercial	855.3	942.4	731.0	(87.1)	211.4
Industrial	226.4	221.5	197.2	4.9	24.3
Off-System	60.7	192.9	71.3	(132.2)	121.6
Other	72.6	53.4	40.6	19.2	12.8
<b>Total</b>	<b>\$ 3,732.7</b>	<b>\$ 4,019.8</b>	<b>\$ 3,183.5</b>	<b>\$ (287.1)</b>	<b>\$ 836.3</b>
<b>Sales and Transportation (MMDth)</b>					
Residential	215.4	249.0	231.2	(33.6)	17.8
Commercial	164.3	181.3	167.0	(17.0)	14.3
Industrial	517.1	490.7	507.1	26.4	(16.4)
Off-System	31.8	32.3	21.6	(0.5)	10.7
Other	0.3	0.3	0.3	—	—
<b>Total</b>	<b>928.9</b>	<b>953.6</b>	<b>927.2</b>	<b>(24.7)</b>	<b>26.4</b>
<b>Heating Degree Days</b>	<b>4,583</b>	<b>5,436</b>	<b>5,002</b>	<b>(853)</b>	<b>434</b>
<b>Normal Heating Degree Days</b>	<b>5,347</b>	<b>5,347</b>	<b>5,427</b>	<b>—</b>	<b>(80)</b>
<b>% (Warmer) Colder than Normal</b>	<b>(14)%</b>	<b>2 %</b>	<b>(8)%</b>		
<b>% (Warmer) Colder than Prior Year</b>	<b>(16)%</b>	<b>9 %</b>	<b>(2)%</b>		
<b>Gas Distribution Customers</b>					
Residential	3,010,949	2,991,913	2,970,157	19,036	21,756
Commercial	254,866	254,436	253,987	430	449
Industrial	4,794	4,870	4,921	(76)	(51)
Other	4	3	4	1	(1)
<b>Total</b>	<b>3,270,613</b>	<b>3,251,222</b>	<b>3,229,069</b>	<b>19,391</b>	<b>22,153</b>

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NISOURCE INC.****Gas Distribution Operations (continued)**

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.

The underlying reasons for changes in our operating revenues and expenses from 2023 to 2022 are presented in the respective tables below. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Gas Distribution Operations," of the Company's 2022 Annual Report on Form 10-K for discussion of underlying reasons for changes in our operating revenues and expenses for 2022 versus 2021.

	<b>Favorable (Unfavorable)</b>	
<b>Changes in Operating Revenues (in millions)</b>	<b>2023 vs 2022</b>	
New rates from base rate proceedings and regulatory capital programs	\$	241.1
The effects of customer growth		7.5
Higher revenue related to off system sales		2.7
Increased customer usage		1.5
The effects of weather in 2023 compared to 2022		(59.9)
Other		7.4
<b>Change in operating revenues (before cost of energy and other tracked items)</b>	<b>\$</b>	<b>200.3</b>
<b>Operating revenues offset in operating expense</b>		
Lower cost of energy billed to customers		(447.8)
Lower tracker deferrals within operation and maintenance, depreciation, and tax		(31.2)
Reduction in gross receipts tax, offset in operating expenses		(8.4)
<b>Total change in operating revenues</b>	<b>\$</b>	<b>(287.1)</b>

**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 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 decrease in total volumes sold and transported in 2023 compared to 2022 of 24.7 MMDth is primarily attributable to the effects of warmer weather offset by increased industrial usage.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NI SOURCE INC.****Gas Distribution Operations (continued)****Commodity Price Impact**

Cost of energy for the Gas Distribution 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 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 Consolidated Balance Sheets 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 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.

<b>Changes in Operating Expenses (in millions)</b>	<b>Favorable (Unfavorable)</b>	
	<b>2023 vs 2022</b>	
Property insurance settlement related to the Greater Lawrence Incident in 2022	\$	(105.0)
Higher depreciation and amortization expense		(50.6)
Higher employee and administrative related expenses		(38.3)
Higher property tax		(14.9)
Impact from Columbia of Ohio's rate case settlement		(9.1)
Higher expenses related to uncollectible customer accounts		(3.8)
Lower environmental remediation costs		12.4
Other		(4.9)
<b>Change in operating expenses (before cost of energy and other tracked items)</b>	<b>\$</b>	<b>(214.2)</b>
<b>Operating expenses offset in operating revenue</b>		
Lower cost of energy billed to customers		447.8
Lower tracker deferrals within operation and maintenance, depreciation, and tax		31.2
Increase in gross receipts tax		8.4
<b>Total change in operating expense</b>	<b>\$</b>	<b>273.2</b>

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**
**NiSOURCE INC.  
Electric Operations**

Financial and operational data for the Electric Operations segment for the years ended December 31, 2023, 2022 and 2021, are presented below:

Year Ended December 31, <i>(in millions)</i>	2023	2022	2021	Favorable (Unfavorable)	
				2023 vs. 2022	2022 vs. 2021
<b>Operating Revenues</b>	\$ 1,785.0	\$ 1,831.7	\$ 1,697.1	\$ (46.7)	\$ 134.6
<b>Operating Expenses</b>					
Cost of energy	446.4	575.8	429.7	129.4	(146.1)
Operation and maintenance	518.0	486.2	493.6	(31.8)	7.4
Depreciation and amortization	400.9	362.9	329.4	(38.0)	(33.5)
Loss (gain) on sale of fixed assets and impairments, net	2.2	—	(0.9)	(2.2)	(0.9)
Other taxes	38.8	44.4	57.5	5.6	13.1
<b>Total Operating Expenses</b>	<b>1,406.3</b>	<b>1,469.3</b>	<b>1,309.3</b>	<b>63.0</b>	<b>(160.0)</b>
<b>Operating Income</b>	<b>\$ 378.7</b>	<b>\$ 362.4</b>	<b>\$ 387.8</b>	<b>\$ 16.3</b>	<b>\$ (25.4)</b>
<b>Revenues</b>					
Residential	\$ 583.9	\$ 592.4	\$ 568.0	\$ (8.5)	\$ 24.4
Commercial	578.1	571.0	534.9	7.1	36.1
Industrial	475.0	561.4	494.1	(86.4)	67.3
Wholesale	32.0	13.5	15.7	18.5	(2.2)
Other	116.0	93.4	84.4	22.6	9.0
<b>Total</b>	<b>\$ 1,785.0</b>	<b>\$ 1,831.7</b>	<b>\$ 1,697.1</b>	<b>\$ (46.7)</b>	<b>\$ 134.6</b>
<b>Sales (Gigawatt Hours)</b>					
Residential	3,262.9	3,482.9	3,546.8	(220.0)	(63.9)
Commercial	3,614.2	3,682.4	3,698.0	(68.2)	(15.6)
Industrial	7,820.3	7,915.3	8,253.7	(95.0)	(338.4)
Wholesale	556.4	50.0	124.7	506.4	(74.7)
Other	78.9	89.5	108.5	(10.6)	(19.0)
<b>Total</b>	<b>15,332.7</b>	<b>15,220.1</b>	<b>15,731.7</b>	<b>112.6</b>	<b>(511.6)</b>
<b>Cooling Degree Days</b>	<b>710</b>	<b>942</b>	<b>1,020</b>	<b>(232)</b>	<b>(78)</b>
<b>Normal Cooling Degree Days</b>	<b>831</b>	<b>831</b>	<b>803</b>	<b>—</b>	<b>28</b>
<b>% (Colder) Warmer than Normal</b>	<b>(15)%</b>	<b>13 %</b>	<b>27 %</b>		
<b>% (Colder) Warmer than prior year</b>	<b>(25)%</b>	<b>(8)%</b>	<b>13 %</b>		
<b>Electric Customers</b>					
Residential	427,217	424,735	422,436	2,482	2,299
Commercial	58,779	58,374	58,010	405	364
Industrial	2,126	2,130	2,137	(4)	(7)
Wholesale	708	710	714	(2)	(4)
Other	3	3	2	—	1
<b>Total</b>	<b>488,833</b>	<b>485,952</b>	<b>483,299</b>	<b>2,881</b>	<b>2,653</b>

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NISOURCE INC.****Electric Operations (continued)**

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 and expenses from 2023 to 2022 are presented in the respective tables below. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results and Discussion of Operations - Electric Operations," of the Company's 2022 Annual Report on Form 10-K for discussion of underlying reasons for changes in our operating revenues and expenses for 2022 versus 2021.

	<b>Favorable (Unfavorable)</b>	
	<b>2023 vs 2022</b>	
<b>Changes in Operating Revenues (in millions)</b>		
New rates from base rate proceedings, regulatory capital, and DSM programs	\$	103.5
Renewable Joint Venture revenue, fully offset by Joint Venture operating expense and noncontrolling interest net income (loss)		10.2
2022 FAC refund to customers		8.0
FAC over earnings reserve		5.8
The effects of weather in 2023 compared to 2022		(25.6)
Decreased customer usage		(12.8)
Other		0.6
Change in operating revenues (before cost of energy and other tracked items)	\$	89.7
<b>Operating revenues offset in operating expense</b>		
Lower cost of energy billed to customers		(129.4)
Reduction in gross receipts tax, offset in operating expenses		(12.0)
Higher tracker deferrals within operation and maintenance, depreciation and tax		5.0
<b>Total change in operating revenues</b>	<b>\$</b>	<b>(46.7)</b>

**Weather**

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal cooling degree days. Our composite cooling degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric Operations. Cooling degree days experienced during different times of the year 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 degree day comparison.

**Sales**

NIPSCO's Electric Segment results remains closely linked to the performance of the steel industry. MWh sales to steel-related industries accounted for approximately 49.3% and 47.4% of the total industrial MWh sales for the years ended December 31, 2023 and 2022, respectively.

**Commodity Price Impact**

Cost of energy for the Electric Operations segment 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. NIPSCO 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 Consolidated Balance Sheets as under-recovered or over-recovered fuel 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.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NISOURCE INC.****Electric Operations (continued)**

<b>Changes in Operating Expenses</b> <i>(in millions)</i>	<b>Favorable (Unfavorable)</b>	
	<b>2023 vs 2022</b>	
Renewable Joint Venture operating expense, partially offset by Joint Venture operating revenues	\$	(44.7)
Higher depreciation and amortization expense driven by new base rates		(25.0)
Higher outside services expenses		(6.9)
Lower materials and supplies		9.4
Other		(6.2)
<b>Change in operating expenses (before cost of energy and other tracked items)</b>	<b>\$</b>	<b>(73.4)</b>
<b>Operating expenses offset in operating revenue</b>		
Lower cost of energy billed to customers		129.4
Reduction in gross receipts tax, offset in operating revenues		12.0
Higher tracker deferrals within operation and maintenance, depreciation and tax		(5.0)
<b>Total change in operating expense</b>	<b>\$</b>	<b>63.0</b>

**Electric Supply and Generation Transition**

NIPSCO continues to execute on an electric generation transition consistent with the 2018 Plan and 2021 Plan, which outline 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 in-service dates related to 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 this 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.

Since 2020, two wind PPA projects, two wind BTA projects and two solar BTA projects have been placed into service, totaling 1,465 MW of nameplate capacity. NIPSCO has executed commercial agreements for each of the eight remaining identified projects. Dunns Bridge II, Cavalry, Fairbanks, 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 filed for a new gas peaking facility to be located at R.M. Schahfer Generating Station. On November 22, 2023 the IURC 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 costs as well as the full ownership of Cavalry and Dunns Bridge II, allowing NIPSCO to leverage provisions of the IRA to monetize tax credits for the benefit of customers in lieu of utilizing tax equity partnerships. See "Executive Summary - Your Energy, Your Future" in this Management's Discussion for additional information.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)****NiSOURCE INC.****Electric Operations (continued)**

<b>Remaining Renewables Projects</b>	<b>Transaction Type</b>	<b>Technology</b>	<b>Nameplate Capacity (MW)</b>	<b>Storage Capacity (MW)</b>
Cavalry	BTA	Solar & Storage	200	60
Dunns Bridge II	BTA	Solar & Storage	435	75
Fairbanks <sup>(1)</sup>	BTA	Solar	250	—
Gibson <sup>(1)</sup>	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	—

<sup>(1)</sup> Under the structure approved by the IURC ownership of Fairbanks and Gibson will be transferred to JVs whose members are expected to include NIPSCO and an unrelated tax equity partner. NIPSCO is evaluating leveraging provisions of the IRA to monetize tax credits for the benefit of customers in lieu of utilizing tax equity partnerships. NIPSCO may seek IURC approval for full ownership of the Fairbanks and Gibson projects.

**Project Status.** We expect the majority of our remaining BTA and PPA projects to be placed in service in 2024 and 2025. Our contract amendments for these projects 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 actively monitoring progress towards project milestones for each of our remaining projects.

In June 2022, the Biden Administration announced a 24-month tariff relief on solar panels subject to the DOC Investigation and authorized the use of the Defense Production Act, to accelerate domestic production of clean energy technologies, including solar panel parts. On August 18, 2023, the department of Commerce issued final determinations in the DOC Investigation and affirmed that tariff relief announced by the Biden Administration in June 2022 would remain in effect until June 2024. At this time, we do not anticipate any significant panel tariffs will impact our solar projects.

ITEM 7. 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 \$1.85 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. We entered into a \$1.0 billion term agreement in the fourth quarter of 2022 and a \$650.0 million term credit agreement in the fourth quarter of 2023. 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. 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 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. As of December 31, 2023, the ATM program and the associated equity distribution agreements expired. On December 31, 2023, we consummated the NIPSCO Minority Interest Transaction in exchange for a capital contribution of \$2.16 billion in cash. See Note 4, "Noncontrolling Interest," Note 6, "Equity," Note 7, "Short-Term Borrowings," and Note 8, "Long-Term Debt," in the Notes to the Consolidated Financial Statements for more information.

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

Operating Activities

Net cash from operating activities for the year ended December 31, 2023 was \$1,935.1 million, an increase of \$525.7 million from 2022. This increase in cash from operating activities was primarily driven by year over year change in accounts receivable collections driven by the implementation of new rates and the impact of lower gas prices as compared to 2022, partially offset by lower accounts payables also driven by lower gas prices.

Investing Activities

Net cash used for investing activities for the year ended December 31, 2023 was \$3,571.6 million, an increase of \$1,001.4 million from 2022. Our current year investing activities were comprised of increased capital expenditures related to system growth and reliability as well as 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.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

**Capital Expenditures.** The table below reflects actual capital expenditures and certain other investing activities by segment for 2023.

<i>(in millions)</i>	<u>Actual</u> <u>2023</u>
Gas Distribution Operations	
System Growth and Tracker	\$ 1,386.8
Maintenance	328.4
Total Gas Distribution Operations <sup>(1)</sup>	1,715.2
Electric Operations	
System Growth and Tracker	440.9
Maintenance	284.6
Generation Transition Investments	13.7
Total Electric Operations <sup>(1)</sup>	739.2
Corporate and Other Operations - Maintenance <sup>(1)</sup>	236.3
Total Capital Expenditures <sup>(2)</sup>	\$ 2,690.7

<sup>(1)</sup>Amounts differ from those presented in Note 21, "Business Segment Information," in the Notes to Consolidated Financial Statements due to the allocation of Corporate and Other Maintenance Costs to the Gas Distribution and Electric Operations segments.

<sup>(2)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the capitalized portion of the Corporate Incentive Plan payout, inclusion of capital expenditures included in current liabilities and AFUDC Equity.

In addition to these capital expenditures, we made \$871.2 million of capital investments in the form of milestone and final payments to the renewable generation asset developers. Through December 2023, NiSource has added approximately \$1 billion in renewable generation projects to its rate base.

We expect to make capital investments totaling approximately \$16.0 billion during the 2024-2028 period related to infrastructure modernization, generation transition and customer growth over the next five years. This forecast incorporates an estimated \$1.7 billion of additional investment in renewable generation projects.

<i>(in billions)</i>	<b>2023 Actual</b>	<b>2024 Estimated</b>	<b>2025 Estimated</b>	<b>2026 Estimated</b>	<b>2027 Estimated</b>	<b>2028 Estimated</b>
Capital Investments	\$3.6	\$3.3 - 3.5	\$3.2 - 3.5	\$2.9 - 3.2	\$2.9 - 3.2	\$2.9 - 3.2

**Regulatory Capital Programs.** We replace pipe and modernize our gas infrastructure to enhance safety and reliability and reduce leaks. An ancillary benefit of these programs is the reduction of GHG emissions. In 2023, we continued 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.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NiSOURCE INC.**

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally mandated compliance investments:

(in millions)

Company	Program	Capital Investment	Investment Period	Filing Date	Costs Covered <sup>(1)</sup>
<b>Approved</b>					
Columbia of Ohio	IRP - 2023	\$ 522.1	4/21-12/22	2/24/2023	Replacement of hazardous service lines, cast iron, wrought iron, uncoated steel, and bare steel pipe.
Columbia of Ohio	CEP - 2023	\$ 482.1	4/21-12/22	2/24/2023	Assets not included in the IRP.
NIPSCO - Gas	TDSIC - 6	\$ 237.8	1/23-2/23	4/28/2023	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.
NIPSCO - Gas	FMCA - 1	\$ 22.1	1/23-3/23	5/30/2023	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.
Columbia of Maryland <sup>(2)</sup>	STRIDE - 2023	\$ 18.0	1/23-12/23	10/31/2022	Pipeline upgrades designed to improve public safety or infrastructure reliability.
NIPSCO - Electric <sup>(3)</sup>	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.
<b>Pending Commission Approval</b>					
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 <sup>(4)</sup>	FMCA - 2	\$ 49.0	1/23-9/23	11/29/2023	Project costs to comply with federal mandates.
Columbia of Kentucky <sup>(5)</sup>	SMRP - 2024	\$ 81.9	1/23-12/24	10/13/2023	Replacement of mains and inclusion of system safety investments.

<sup>(1)</sup>Programs do not include any costs already included in base rates.

<sup>(2)</sup>Columbia of Maryland's STRIDE expired December 31, 2023. On June 23, 2023, CMD filed an application for approval of a new five-year STRIDE. On November 21, 2023, the filing was withdrawn. Effective January 1, 2024, the STRIDE capital investments previously recovered are no longer earning a current return.

<sup>(3)</sup>Coincident with the implementation of Step-1 base rates in August 2023 in Cause No. 45772, TDSIC-3 cumulative capital investment of \$554.7 million moved out of this tracker and into base rates.

<sup>(4)</sup>NIPSCO received approval for a new certificate of public convenience and necessity on December 28, 2022 for an additional Pipeline Safety III Compliance Plan, including \$235.3M in capital and \$34.1M in operation and maintenance expense project investments.

<sup>(5)</sup>Columbia of Kentucky placed these rates into effect, as of January 3, 2024, subject to refund, depending on a Commission order ruling on the Application.

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. Schahfer Generation Station's multi-cell unit. The project includes a 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 the NIPSCO 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. Pursuant to that settlement agreement, NIPSCO filed and the IURC approved motions to dismiss the independent FMCA cases related to CCR ash pond recovery, as that recovery will now occur through NIPSCO's electric base rates. Refer to Note 19, "Other Commitments and Contingencies - D. Environmental Matters," in the Notes to Consolidated Financial Statements for further discussion of the CCRs.

Refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a further discussion of regulatory developments during 2023.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**
**NiSOURCE INC.**
Financing Activities

**Common Stock, Preferred Stock and Equity Unit Sale.** Refer to Note 6, "Equity," in the Notes to Consolidated Financial Statements for information on common stock, preferred stock and equity units activity.

**Short-term Debt.** Refer to Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for information on short-term debt.

**Long-term Debt.** Refer to Note 8, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

**Non-controlling 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, Blackstone will 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 an affiliate of Blackstone. Refer to Note 4, "Noncontrolling Interest," and Note 7, "Short-Term Borrowings," in the Notes to Consolidated Financial Statements for more information.

Sources of Liquidity

The following table displays our liquidity position as of December 31, 2023 and 2022:

Year Ended December 31, (in millions)	2023	2022
<b>Current Liquidity</b>		
Revolving Credit Facility	\$ 1,850.0	\$ 1,850.0
Accounts Receivable Programs <sup>(1)</sup>	383.9	447.2
<i>Less:</i>		
Commercial Paper	1,061.0	415.0
Accounts Receivable Programs Utilized	337.6	347.2
Letters of Credit Outstanding Under Credit Facility	9.9	10.2
<i>Add:</i>		
Cash and Cash Equivalents	2,245.4	40.8
<b>Net Available Liquidity</b>	<b>\$ 3,070.8</b>	<b>\$ 1,565.6</b>

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

**Debt Covenants.** We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2023, the ratio was 58.2%.

**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 December 31, 2023. There have been no changes to our 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.

	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 ratings 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 December 31, 2023, a collateral requirement of approximately \$90.1 million would be required in the event of a downgrade below investment grade. 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.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.**

**Equity.** Our authorized capital stock consists of 770,000,000 shares, \$0.01 par value, of which 750,000,000 are common stock and 20,000,000 are preferred stock. As of December 31, 2023, 447,381,671 shares of common stock and 40,000 shares of preferred stock were outstanding. For more information regarding our common and preferred stock, see Note 6, "Equity," in the Notes to Consolidated Financial Statements.

**Contractual Obligations, Cash Requirements and Off-Balance Sheet Arrangements**

We have certain contractual obligations requiring payments at specified periods. Our material cash requirements are detailed below. We intend to use funds from the liquidity sources referenced above to meet these cash requirements.

At December 31, 2023, we had \$11,079.3 million in long-term debt and \$3,048.6 million in short-term borrowings outstanding.

During 2024 and 2025, we expect to make cash payments of \$652.0 million and \$485.7 million, respectively, related to pipeline service obligations including demand for gas transportation, gas storage and gas purchases.

Our expected payments include employer contributions to pension and other postretirement benefits plans expected to be made in 2024. Plan contributions beyond 2024 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2024, we expect to make contributions of approximately \$2.2 million to our pension plans and approximately \$23.1 million to our postretirement medical and life plans. Refer to Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements for more information.

We cannot reasonably estimate the settlement amounts or timing of cash flows related to certain of our long-term obligations classified as "Total Other Liabilities" on the Consolidated Balance Sheets.

We have uncertain income tax positions for which we are unable to predict when the matters will be resolved. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," and Note 19, "Other Commitments and Contingencies," - E. "Other Matters - Generation Transition," in the Notes to Consolidated Financial Statements for additional information.

In addition, we, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information regarding our contractual obligations over the next 5 years and thereafter and our off-balance sheet arrangements.

**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 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.

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NI SOURCE INC.**

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 Operations" in this Management's Discussion.

Certain of 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 13, "Risk Management Activities," in the Notes to Consolidated Financial Statements for further information on our commodity price risk assets and liabilities as of December 31, 2023 and 2022.

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 agreements 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 \$18.9 million and \$8.7 million for 2023 and 2022, 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 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.

**Other Information**

Critical Accounting Estimates

We apply certain accounting policies in accordance with GAAP, which require that we make estimates and judgments that have had, and may continue to have, significant impacts on our operations and Consolidated Financial Statements. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe the following represent the more significant items requiring the use of judgment in preparing our Consolidated Financial Statements:

***Basis of Accounting for Rate-Regulated Subsidiaries.*** ASC Topic 980, *Regulated Operations*, provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be billed and collected. Accordingly, certain expenses and credits subject to utility regulation or rate determination normally reflected in income may be deferred on the Consolidated Balance Sheets and recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were \$2,460.2 million and \$1,789.3 million at December 31, 2023, and \$2,580.8 million and \$2,012.6 million at December 31, 2022, respectively. For additional information, refer to Note 12, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for us to recover our costs in the future, all or a portion of our regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations*. In such

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

**NISOURCE INC.**

event, a write-down of all or a portion of our existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If we were unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations*, we would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting*. In management's opinion, our regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on our Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, we believe that these costs meet the requirements for deferral as regulatory assets. If we determine that the amounts included as regulatory assets are no longer probable of recovery, a charge to income would immediately be required to the extent of the unrecoverable amounts.

One of the more significant items recorded through the application of this accounting guidance is the regulatory overlay for JV accounting. The application of HLBV to consolidated VIEs generally results in the recognition of profit from the related JVs over a time frame that is different from when the regulatory return is earned. In accordance with the principles of ASC 980, we have recognized a regulatory deferral of certain 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. For additional information, refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," in the Notes to Consolidated Financial Statements.

**Pension and Postretirement Benefits.** We have defined benefit plans for both pension and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, expected long-term rates of return on plan assets, health care trend rates, and mortality rates, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. Differences between actuarial assumptions and actual plan results are deferred into AOCI or a regulatory balance sheet account, depending on the jurisdiction of our entity. These deferred gains or losses are then amortized into the income statement when the accumulated differences exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets (known in GAAP as the "corridor" method) or when settlement accounting is triggered.

The discount rates, expected long-term rates of return on plan assets, health care cost trend rates and mortality rates are critical assumptions. Methods used to develop these assumptions are described below. While a third party actuarial firm assists with the development of many of these assumptions, we are ultimately responsible for selecting the final assumptions.

The discount rate is utilized principally in calculating the actuarial present value of pension and other postretirement benefit obligations and net periodic pension and other postretirement benefit plan costs. Our discount rates for both pension and other postretirement benefits are determined using spot rates along an AA-rated above median yield curve with cash flows matching the expected duration of benefit payments to be made to plan participants.

The expected long-term rate of return on plan assets is a component utilized in calculating annual pension and other postretirement benefit plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, target asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. For measurement of 2023 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.00% and 6.96% for our pension and other postretirement benefit plan assets, respectively. For measurement of 2024 net periodic benefit cost, we selected a weighted-average assumption of the expected pre-tax long-term rate of return of 7.02% and 7.06 % respectively, for our pension and other postretirement benefit plan assets.

We estimate the assumed health care cost trend rate, which is used in determining our other postretirement benefit net expense, based upon our actual health care cost experience, the effects of recently enacted legislation, third-party actuarial surveys and general economic conditions.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**
**NI SOURCE INC.**

We utilize a full yield curve approach to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For further discussion of our pension and other postretirement benefits, see Note 16, "Pension and Other Postemployment Benefits," in the Notes to Consolidated Financial Statements.

Typically, we use the Society of Actuaries' most recently published mortality data in developing a best estimate of mortality as part of the calculation of the pension and other postretirement benefit obligations. We adopted Aon's U.S. Endemic Mortality Improvement scale MP-2021, accounting for both the near-term and long-term COVID-19 impacts.

The following tables illustrate the effects of changes in these actuarial assumptions while holding all other assumptions constant:

Change in Assumptions (in millions)	Impact on December 31, 2023 Projected Benefit Obligation Increase/(Decrease)	
	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	\$ (51.8)	\$ (20.5)
-50 basis points change in discount rate	55.9	22.3

Change in Assumptions (in millions)	Impact on 2023 Expense Increase/(Decrease) <sup>(1)</sup>	
	Pension Benefits	Other Postretirement Benefits
+50 basis points change in discount rate	\$ (1.6)	\$ 0.3
-50 basis points change in discount rate	1.4	(0.3)
+50 basis points change in expected long-term rate of return on plan assets	(6.8)	(1.1)
-50 basis points change in expected long-term rate of return on plan assets	6.8	1.1

<sup>(1)</sup>Before labor capitalization and regulatory deferrals.

**Goodwill and Other Intangible Assets.** We have six goodwill reporting units, comprised of the six state operating companies within the Gas Distribution Operations reportable segment. Our goodwill assets at December 31, 2023 were \$1,486 million, most of which resulted from the acquisition of Columbia on November 1, 2000.

As required by GAAP, we test for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. Our annual goodwill test takes place in the second quarter of each year and was performed on May 1, 2023. A qualitative ("Step 0") test was completed on May 1, 2023, for all reporting units. In the Step 0 analysis, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the applicable reporting units as compared to the baseline "step 1" fair value measurement performed May 1, 2020. The results of this assessment indicated that it was more likely than not that the estimated fair value of the reporting units substantially exceeded the related carrying values of our reporting units; therefore, no "step 1" analysis was required and no impairment charges were indicated. Since the annual evaluation, there have been no indications that the fair values of the goodwill reporting units have decreased below the carrying values.

As noted above, application of the qualitative goodwill impairment test requires evaluating various events and circumstances to determine whether it is not more likely than not that the fair value of a reporting unit is less than its carrying amount. Although we believe all relevant factors were considered in the qualitative impairment analysis to reach the conclusion that goodwill is not impaired, significant changes in any one of the assumptions could potentially result in the recording of an impairment that could have significant impacts on the Consolidated Financial Statements.

See Note 10, "Goodwill," in the Notes to Consolidated Financial Statements for further information.

**Unbilled Revenue.** We record utility operating revenues when energy is delivered to our customers. However, the determination of energy sales to individual customers is based upon the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of their last meter reading are estimated and corresponding unbilled revenues are calculated. This unbilled revenue is estimated each month based upon historical usage, customer rates and weather. As of December 31, 2023, we recorded \$337.6 million of customer

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSOURCE INC.**

accounts receivable for unbilled revenue. Significant fluctuations in energy demand for the unbilled period or changes in the composition of customer classes could impact the accuracy of the unbilled revenue estimate. Refer to Note 3, "Revenue Recognition," in the Notes to Consolidated Financial Statements for additional information regarding our significant judgments and estimates related to unbilled revenue recognition.

**Income Taxes.** The consolidated income tax provision and deferred income tax assets and liabilities, as well as any unrecognized tax benefits and valuation allowances, require use of estimates and significant management judgement. Although we believe that current estimates for deferred tax assets and liabilities are reasonable, actual results could differ from these estimates for a variety of reasons, including reasonable projections of taxable income, the ability and intent to implement tax planning strategies if necessary, and interpretations of applicable tax laws and regulations across multiple taxing jurisdictions. Ultimate resolution or clarification of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material.

We account for uncertain income tax positions using a benefit recognition model with a two-step approach including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. We evaluate each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of tax benefits to be recorded in the consolidated financial statements. At December 31, 2023 and 2022, we had \$21.7 million of unrecognized tax benefits. Changes in these unrecognized tax benefits may result from remeasurement of amounts expected to be realized, settlements with tax authorities and expiration of statutes of limitations.

On a quarterly basis, we evaluate our deferred tax assets by considering current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. Failure to achieve forecasted taxable income or successfully implement tax planning strategies may affect the realization of deferred tax assets. We establish a valuation allowance when we conclude it is more likely than not that all, or a portion, of a deferred tax asset will not be realized in future periods. Significant judgment is required to determine the amount of tax benefits expected to be realized. At December 31, 2023 and 2022, we had established \$6.4 million and \$7.8 million, respectively, of valuation allowances (net of federal benefit) related to certain state net operating loss carryforwards. Refer to Note 15, "Income Taxes," in the Notes to Consolidated Financial Statements for additional information.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**NISOURCE INC.**

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NISOURCE INC.  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related statements of consolidated income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Non-Controlling Interest - Minority Interest Investment in NIPSCO Holdings II LLC – Refer to Notes 1, 4, 6, and 15 to the financial statements**

*Critical Audit Matter Description*

On December 31, 2023, the Company consummated the closing of the issuance of a 19.9% equity interest in NIPSCO Holdings II LLC, a wholly-owned subsidiary of the Company and the sole owner of Northern Indiana Public Service Company LLC ("NIPSCO"), to BIP BLUE BUYER L.L.C., an affiliate of Blackstone Infrastructure Partners. At closing, BIP BLUE BUYER L.L.C., acquired a 19.9% equity interest in NIPSCO Holdings II LLC in exchange for making a capital contribution of \$2.16 billion in cash to NIPSCO Holdings II LLC. Upon consummation of the minority interest transaction, the Company owns an 80.1% controlling indirect equity interest in NIPSCO LLC while BIP BLUE BUYER L.L.C., owns the remaining 19.9% indirect equity interest.

We identified the \$2.16 billion minority interest investment in NIPSCO Holdings II LLC as a critical audit matter due to the significant degree of judgement involved in complex accounting and tax conclusions. This required a significant degree of auditor judgment when performing audit procedures, including the need to involve professionals in our firm with the

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NiSOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

appropriate expertise to assist us in evaluating management's conclusions around the accounting and tax treatment for the transaction.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the minority interest investment in NIPSCO Holdings II LLC included the following, among others:

- We tested the effectiveness of controls over the accounting assessment for this transaction, including the controls over technical accounting conclusions and income tax treatment of this transaction.
- We evaluated management's conclusions related to accounting for the transaction by:
  - Obtaining and reading the contractual agreements related to this transaction,
  - Involving professionals in our firm with the appropriate expertise in accounting for minority interest transactions to evaluate the work performed by management related to the accounting treatment of the transaction,
  - Involving professionals in our firm with the appropriate expertise in income taxes to evaluate the work performed by management related to the tax treatment of the transaction,
- We evaluated the appropriateness of the Company's disclosures related to the minority interest investment, including balances recorded.

**Regulatory Matters - Impact of Rate Regulation on the Financial Statements - Refer to Notes 1, 9, and 12 to the financial statements**

*Critical Audit Matter Description*

The Company's subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states. These rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the manner in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged to and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the consolidated balance sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

The Company's subsidiaries' rates are subject to regulatory rate-setting processes. Rates are determined and approved in regulatory proceedings based on an analysis of the subsidiaries' costs to provide utility service and a return on, and recovery of, the subsidiaries' investment in the utility business. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. The respective commission's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the commission in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While the Company has indicated it expects to recover costs from customers through regulated rates, there is a risk that the commission will not approve: (1) full recovery of the costs of providing utility service, or (2) full recovery of all amounts invested in the utility business and a reasonable return on that investment.

We identified the impact of rate regulation, specifically certain regulatory assets and liabilities at the Company's Northern Indiana Public Service Company LLC and Columbia Gas of Ohio, Inc. subsidiaries, as a critical audit matter due to the significant judgments made by management to support its assertions about certain account balances and the significant degree of subjectivity involved in assessing the likelihood of recovery of incurred costs in current or future rates due in part to uncertainty related to future decisions by the rate regulators. This required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities and a significant degree of auditor judgment when performing audit procedures to evaluate the reasonableness of management's conclusions.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation related to the uncertainty of future decisions by the rate regulators, specifically the Indiana Utility Regulatory Commission (IURC) and the Public Utility Commission of Ohio (PUCO), included the following, among others:

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NI SOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

- We tested the effectiveness of management's controls over (1) the evaluation of the likelihood of (a) the recovery of costs deferred as regulatory assets in future periods, and (b) regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates; and (2) the evaluation of Hypothetical Liquidation Book Value (HLBV) Models for the company's Renewable Joint Ventures and its impact on the Company's regulatory assets for recovery in rate base.
- We read relevant regulatory orders issued by the IURC and the PUCO, including regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or a future reduction in rates based on precedents of the commissions' treatment of similar costs under similar circumstances. We evaluated the external information and compared to management's recorded regulatory asset and liability balances for completeness, including the implementation of new rate orders at Northern Indiana Public Service Company LLC's electric business and Columbia Gas of Ohio, Inc.
- For the Northern Indiana Public Service Company LLC gas base rate case proceeding, we inspected the Company's and intervenors' filings with the commissions that may impact the Company's future rates, for any evidence that might contradict management's assertions related to recoverability of recorded assets.
- We inquired of management about property, plant, and equipment that may be abandoned with an emphasis on the generation strategy related to Northern Indiana Public Service Company LLC's R.M. Schahfer and Michigan City Generating Stations. We inspected minutes of the board of directors and regulatory orders and other filings with the IURC to identify evidence that may contradict management's assertion regarding probability of an abandonment.
- We read the relevant regulatory orders issued by the IURC for the Company's renewable energy investments. We evaluated the appropriateness of recognizing a regulatory liability or asset representing timing differences between the profit allocated under the HLBV method related to the consolidated joint ventures and the allowed earnings included in regulatory rates. We also evaluated the appropriateness of the offset to the regulatory liability or asset recorded in depreciation expense.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 21, 2024

We have served as the Company's auditor since 2002.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSOURCE INC.  
STATEMENTS OF CONSOLIDATED INCOME

Year Ended December 31, (in millions, except per share amounts)	2023	2022	2021
<b>Operating Revenues</b>			
Customer revenues	\$ 5,347.8	\$ 5,738.6	\$ 4,731.3
Other revenues	157.6	112.0	168.3
<b>Total Operating Revenues</b>	<b>5,505.4</b>	<b>5,850.6</b>	<b>4,899.6</b>
<b>Operating Expenses</b>			
Cost of energy	1,533.3	2,110.5	1,392.3
Operation and maintenance	1,494.9	1,489.4	1,456.0
Depreciation and amortization	908.2	820.8	748.4
Loss (gain) on sale of assets, net	2.9	(104.2)	7.7
Other taxes	270.6	268.3	288.3
<b>Total Operating Expenses</b>	<b>4,209.9</b>	<b>4,584.8</b>	<b>3,892.7</b>
<b>Operating Income</b>	<b>1,295.5</b>	<b>1,265.8</b>	<b>1,006.9</b>
<b>Other Income (Deductions)</b>			
Interest expense, net	(489.6)	(361.6)	(341.1)
Other, net	8.0	52.2	40.8
<b>Total Other Deductions, Net</b>	<b>(481.6)</b>	<b>(309.4)</b>	<b>(300.3)</b>
<b>Income before Income Taxes</b>	<b>813.9</b>	<b>956.4</b>	<b>706.6</b>
<b>Income Taxes</b>	<b>139.5</b>	<b>164.6</b>	<b>117.8</b>
<b>Net Income</b>	<b>674.4</b>	<b>791.8</b>	<b>588.8</b>
Net (loss) income attributable to noncontrolling interest	(39.9)	(12.3)	3.9
<b>Net Income attributable to NiSource</b>	<b>714.3</b>	<b>804.1</b>	<b>584.9</b>
Preferred dividends	(42.8)	(55.1)	(55.1)
Preferred redemption premium	(9.8)	—	—
<b>Net Income Available to Common Shareholders</b>	<b>661.7</b>	<b>749.0</b>	<b>529.8</b>
<b>Earnings Per Share</b>			
Basic Earnings Per Share	\$ 1.59	\$ 1.84	\$ 1.35
Diluted Earnings Per Share	\$ 1.48	\$ 1.70	\$ 1.27
<b>Basic Average Common Shares Outstanding</b>	<b>416.1</b>	<b>407.1</b>	<b>393.6</b>
<b>Diluted Average Common Shares</b>	<b>447.9</b>	<b>442.7</b>	<b>417.3</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)****NI SOURCE INC.****STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**

Year Ended December 31, <i>(in millions, net of taxes)</i>	2023		2022		2021	
Net Income	\$	674.4	\$	791.8	\$	588.8
Other comprehensive income:						
Net unrealized gain (loss) on available-for-sale securities <sup>(1)</sup>		3.9		(13.3)		(3.9)
Net unrealized (loss) gain on cash flow hedges <sup>(2)</sup>		(0.2)		109.9		25.4
Unrecognized pension and OPEB benefit (costs) <sup>(3)</sup>		(0.2)		(6.9)		8.4
Total other comprehensive income		3.5		89.7		29.9
<b>Total Comprehensive Income</b>	<b>\$</b>	<b>677.9</b>	<b>\$</b>	<b>881.5</b>	<b>\$</b>	<b>618.7</b>

<sup>(1)</sup> Net unrealized gain (loss) on available-for-sale securities, net of \$1.0 million tax expense, \$3.5 million tax benefit and \$1.0 million tax benefit in 2023, 2022 and 2021, respectively.

<sup>(2)</sup> Net unrealized (loss) gain on derivatives qualifying as cash flow hedges, net of \$0.1 million tax benefit, \$36.4 million tax expense and \$8.4 million tax expense in 2023, 2022 and 2021, respectively.

<sup>(3)</sup> Unrecognized pension and OPEB benefit (costs), net of \$0.1 million tax benefit, \$2.3 million tax benefit and \$3.8 million tax expense in 2023, 2022 and 2021, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**
**NI SOURCE INC.  
CONSOLIDATED BALANCE SHEETS**

<i>(in millions)</i>	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Property, Plant and Equipment</b>		
Plant	\$ 30,482.1	\$ 27,551.3
Accumulated depreciation and amortization	(8,207.2)	(7,708.7)
Net Property, Plant and Equipment <sup>(1)</sup>	22,274.9	19,842.6
<b>Investments and Other Assets</b>		
Unconsolidated affiliates	5.3	1.6
Available-for-sale debt securities (amortized cost of \$169.0 and \$166.7, allowance for credit losses of \$0.6 and \$0.9, respectively)	159.1	151.6
Other investments	82.7	71.0
Total Investments and Other Assets	247.1	224.2
<b>Current Assets</b>		
Cash and cash equivalents	2,245.4	40.8
Restricted cash	35.7	34.6
Accounts receivable	884.9	1,065.8
Allowance for credit losses	(22.9)	(23.9)
Accounts receivable, net	862.0	1,041.9
Gas storage	265.8	531.7
Materials and supplies, at average cost	172.1	151.4
Electric production fuel, at average cost	65.3	68.8
Exchange gas receivable	66.0	128.1
Regulatory assets	214.3	233.2
Deposits to renewable generation asset developer	454.2	143.8
Prepayments and other	118.6	210.0
Total Current Assets <sup>(1)</sup>	4,499.4	2,584.3
<b>Other Assets</b>		
Regulatory assets	2,245.9	2,347.6
Goodwill	1,485.9	1,485.9
Deferred charges and other	324.0	252.0
Total Other Assets	4,055.8	4,085.5
<b>Total Assets</b>	<b>\$ 31,077.2</b>	<b>\$ 26,736.6</b>

<sup>(1)</sup>Includes \$1,369.8 million and \$978.5 million in 2023 and 2022, respectively, of net property, plant and equipment assets and \$63.6 million and \$25.7 million in 2023 and 2022, respectively, of current assets of consolidated VIEs that may be used only to settle obligations of the consolidated VIEs. Refer to Note 4, "Noncontrolling Interest," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**
**NiSOURCE INC.  
CONSOLIDATED BALANCE SHEETS**

<i>(in millions, except share amounts)</i>	<b>December 31, 2023</b>	December 31, 2022
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>Capitalization</b>		
Stockholders' Equity		
Common stock - \$0.01 par value, 750,000,000 shares authorized; 447,381,671 and 412,142,602 shares outstanding, respectively	\$ 4.5	\$ 4.2
Preferred stock - \$0.01 par value, 20,000,000 shares authorized; 40,000 and 1,302,500 shares outstanding, respectively	486.1	1,546.5
Treasury stock	(99.9)	(99.9)
Additional paid-in capital	8,879.5	7,375.3
Retained deficit	(967.0)	(1,213.6)
Accumulated other comprehensive loss	(33.6)	(37.1)
Total NiSource Stockholders' Equity	8,269.6	7,575.4
Noncontrolling interest in consolidated subsidiaries	1,866.7	326.4
Total Stockholders' Equity	10,136.3	7,901.8
Long-term debt, excluding amounts due within one year	11,055.5	9,523.6
Total Capitalization	21,191.8	17,425.4
<b>Current Liabilities</b>		
Current portion of long-term debt	23.8	30.0
Short-term borrowings	3,048.6	1,761.9
Accounts payable	749.4	899.5
Customer deposits and credits	294.4	324.7
Taxes accrued	166.2	246.2
Interest accrued	136.1	138.4
Asset retirement obligations	72.5	35.5
Exchange gas payable	50.5	147.6
Regulatory liabilities	278.6	236.8
Accrued compensation and employee benefits	227.6	167.5
Obligations to renewable generation asset developer	—	347.2
Other accruals	217.4	325.2
Total Current Liabilities <sup>(1)</sup>	5,265.1	4,660.5
<b>Other Liabilities</b>		
Deferred income taxes	2,080.4	1,854.5
Accrued liability for postretirement and postemployment benefits	250.1	245.5
Regulatory liabilities	1,510.7	1,775.8
Asset retirement obligations	480.5	478.1
Other noncurrent liabilities and deferred credits	298.6	296.8
Total Other Liabilities <sup>(1)</sup>	4,620.3	4,650.7
<b>Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")</b>		
<b>Total Capitalization and Liabilities</b>	<b>\$ 31,077.2</b>	<b>\$ 26,736.6</b>

<sup>(1)</sup>Includes \$68.3 million and \$128.2 million in 2023 and 2022, respectively, of current liabilities and \$55.7 million and \$30.6 million in 2023 and 2022, respectively, of other liabilities of consolidated VIEs that creditors do not have recourse to our general credit. Refer to Note 4, "Noncontrolling Interest," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**
**NI SOURCE INC.  
STATEMENTS OF CONSOLIDATED CASH FLOWS**

Year Ended December 31, <i>(in millions)</i>	2023	2022	2021
<b>Operating Activities</b>			
Net Income	\$ 674.4	\$ 791.8	\$ 588.8
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:			
Depreciation and amortization	908.2	820.8	748.4
Deferred income taxes and investment tax credits	134.1	156.9	111.9
Stock compensation expense and 401(k) profit sharing contribution	33.5	24.9	24.3
Loss (gain) on sale of assets	2.9	(105.3)	5.6
Other adjustments	(17.9)	5.7	(0.7)
Changes in Assets and Liabilities:			
Accounts receivable	184.1	(216.3)	(40.3)
Gas storage and other inventories	233.9	(258.9)	(112.9)
Accounts payable	(171.8)	165.0	54.9
Exchange gas receivable/payable	126.5	57.8	(114.2)
Other accruals	(102.9)	73.4	43.0
Prepayments and other current assets	36.7	(9.8)	(36.6)
Regulatory assets/liabilities	(26.2)	(129.4)	76.8
Postretirement and postemployment benefits	(22.0)	84.7	(96.4)
Deferred charges and other noncurrent assets	(10.1)	(4.1)	(4.7)
Other noncurrent liabilities and deferred credits	(48.3)	(47.8)	(30.0)
<b>Net Cash Flows from Operating Activities</b>	<b>1,935.1</b>	<b>1,409.4</b>	<b>1,217.9</b>
<b>Investing Activities</b>			
Capital expenditures	(2,645.8)	(2,203.1)	(1,838.0)
Insurance Recoveries	3.0	105.0	—
Cost of removal	(160.8)	(151.7)	(121.1)
Purchases of available-for-sale securities	(42.8)	(73.5)	(102.9)
Sales of available-for-sale securities	39.9	75.7	97.8
Milestone and final payments to renewable generation asset developer	(761.4)	(323.9)	(240.4)
Other investing activities	(3.7)	1.3	(1.0)
<b>Net Cash Flows used for Investing Activities</b>	<b>(3,571.6)</b>	<b>(2,570.2)</b>	<b>(2,204.9)</b>
<b>Financing Activities</b>			
Proceeds from issuance of long-term debt	1,488.7	345.6	—
Repayments of long-term debt and finance lease obligations	(33.1)	(60.3)	(25.7)
Issuance of short term credit agreements	650.0	1,000.0	—
Net change in commercial paper and other short-term borrowings	636.4	202.2	57.0
Issuance of common stock, net of issuance costs	12.9	154.3	299.6
Payment of obligation to renewable generation asset developer	(347.2)	—	—
Equity costs, premiums and other debt related costs	(30.2)	(13.0)	(18.2)
Contributions from noncontrolling interests	2,402.8	21.2	245.1
Distributions to noncontrolling interest	(14.1)	(6.0)	(0.6)
Issuance of equity units, net of underwriting costs	—	—	839.9
Redemption of preferred stock	(393.9)	—	—
Dividends paid - common stock	(413.5)	(381.5)	(345.2)
Preferred stock redemption premium	(6.2)	—	—
Dividends paid - preferred stock	(43.8)	(55.1)	(55.1)
Contract liability payment	(66.6)	(66.1)	(40.5)
<b>Net Cash Flows from Financing Activities</b>	<b>3,842.2</b>	<b>1,141.3</b>	<b>956.3</b>
Change in cash, cash equivalents and restricted cash	2,205.7	(19.5)	(30.7)
Cash, cash equivalents and restricted cash at beginning of period	75.4	94.9	125.6
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<b>\$ 2,281.1</b>	<b>\$ 75.4</b>	<b>\$ 94.9</b>
<b>Reconciliation to Balance Sheet</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	2,245.4	40.8	84.2
Restricted Cash	35.7	34.6	10.7
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<b>2,281.1</b>	<b>75.4</b>	<b>94.9</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NiSOURCE INC.  
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY**

<i>(in millions)</i>	Common Stock	Preferred Stock <sup>(1)</sup>	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Consolidated Subsidiaries	Total
<b>Balance as of January 1, 2021</b>	\$ 3.9	\$ 880.0	\$ (99.9)	\$ 6,890.1	\$ (1,765.2)	\$ (156.7)	\$ 85.6	\$ 5,837.8
Comprehensive Income:								
Net Income	—	—	—	—	584.9	—	3.9	588.8
Other comprehensive income, net of tax	—	—	—	—	—	29.9	—	29.9
Dividends:								
Common stock (\$0.88 per share)	—	—	—	—	(345.5)	—	—	(345.5)
Preferred stock (See Note 6)	—	—	—	—	(55.1)	—	—	(55.1)
Contributions from noncontrolling interest	—	—	—	—	—	—	236.7	236.7
Distributions to noncontrolling interest	—	—	—	—	—	—	(0.6)	(0.6)
Stock issuances:								
Equity Units	—	666.5	—	—	—	—	—	666.5
Employee stock purchase plan	—	—	—	5.0	—	—	—	5.0
Long-term incentive plan	—	—	—	11.8	—	—	—	11.8
401(k) and profit sharing	—	—	—	9.5	—	—	—	9.5
ATM Program	0.2	—	—	287.9	—	—	—	288.1
<b>Balance as of December 31, 2021</b>	\$ 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)	—	—	—	—	804.1	—	(12.3)	791.8
Other comprehensive income, net of tax	—	—	—	—	—	89.7	—	89.7
Dividends:								
Common stock (\$0.94 per share)	—	—	—	—	(381.7)	—	—	(381.7)
Preferred stock (See Note 6)	—	—	—	—	(55.1)	—	—	(55.1)
Contributions from noncontrolling interest	—	—	—	—	—	—	19.1	19.1
Distributions to noncontrolling interest	—	—	—	—	—	—	(6.0)	(6.0)
Stock issuances:								
Employee stock purchase plan	—	—	—	5.2	—	—	—	5.2
Long-term incentive plan	—	—	—	14.3	—	—	—	14.3
401(k) and profit sharing	—	—	—	9.7	—	—	—	9.7
ATM Program	0.1	—	—	141.8	—	—	—	141.9
<b>Balance as of December 31, 2022</b>	\$ 4.2	\$ 1,546.5	\$ (99.9)	\$ 7,375.3	\$ (1,213.6)	\$ (37.1)	\$ 326.4	\$ 7,901.8
Comprehensive Income:								
Net Income (Loss)	—	—	—	—	714.3	—	(39.9)	674.4
Other comprehensive income, net of tax	—	—	—	—	—	3.5	—	3.5
Dividends:								
Common stock (\$1.00 per share)	—	—	—	—	(414.1)	—	—	(414.1)
Preferred stock (See Note 6)	—	—	—	—	(43.8)	—	—	(43.8)
Noncontrolling Interests:								
Issuance of noncontrolling interest <sup>(2)</sup>	—	—	—	809.6	—	—	1,361.1	2,170.7
Contributions from noncontrolling interest <sup>(3)</sup>	—	—	—	—	—	—	233.2	233.2
Distributions to noncontrolling interest	—	—	—	—	—	—	(14.1)	(14.1)
Stock issuances (redemptions):								
Equity Units	0.3	(666.5)	—	666.2	—	—	—	—
Series A Preferred stock redemption	—	(393.9)	—	—	—	—	—	(393.9)
Series A Preferred stock redemption premium	—	—	—	—	(9.8)	—	—	(9.8)
Employee stock purchase plan	—	—	—	5.9	—	—	—	5.9
Long-term incentive plan	—	—	—	12.6	—	—	—	12.6
401(k) and profit sharing	—	—	—	9.9	—	—	—	9.9
<b>Balance as of December 31, 2023</b>	\$ 4.5	\$ 486.1	\$ (99.9)	\$ 8,879.5	\$ (967.0)	\$ (33.6)	\$ 1,866.7	\$ 10,136.3

<sup>(1)</sup> Series A and Series C shares had an aggregate liquidation preference of \$400M and \$863M, respectively. Series B has an aggregate liquidation preference of \$500M See Note 6, "Equity," for additional information.

<sup>(2)</sup> Relates to the NIPSCO Minority Interest Transaction. See Note 4, "Noncontrolling Interest," for additional discussion.

<sup>(3)</sup> Contributions from noncontrolling interest is net of transaction costs.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NI SOURCE INC.  
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (continued)**

<i>(in thousands)</i>	Preferred Shares	Common Shares	Common Treasury	Outstanding
<b>Balance as of January 1, 2021</b>	<b>440</b>	<b>395,723</b>	<b>(3,963)</b>	<b>391,760</b>
Issued:				
Equity Units <sup>(1)</sup>	863	—	—	—
Employee stock purchase plan	—	209	—	209
Long-term incentive plan	—	418	—	418
401(k) and profit sharing plan	—	391	—	391
ATM Program	—	12,525	—	12,525
<b>Balance as of December 31, 2021</b>	<b>1,303</b>	<b>409,266</b>	<b>(3,963)</b>	<b>405,303</b>
Issued:				
Employee stock purchase plan	—	186	—	186
Long-term incentive plan	—	375	—	375
401(k) and profit sharing plan	—	337	—	337
ATM Program	—	5,942	—	5,942
<b>Balance as of December 31, 2022</b>	<b>1,303</b>	<b>416,106</b>	<b>(3,963)</b>	<b>412,143</b>
Issued/(Redeemed):				
Employee stock purchase plan	—	216	—	216
Long-term incentive plan	—	758	—	758
401(k) and profit sharing plan	—	366	—	366
Equity Units <sup>(1)</sup>	(863)	33,899	—	33,899
Series A Preferred Stock	(400)	—	—	—
<b>Balance as of December 31, 2023</b>	<b>40</b>	<b>451,345</b>	<b>(3,963)</b>	<b>447,382</b>

<sup>(1)</sup>See Note 6, "Equity," for additional information.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**1. Nature of Operations and Summary of Significant Accounting Policies**

**A. Company Structure and Principles of Consolidation.** We are an energy holding company incorporated in Delaware and headquartered in Merrillville, Indiana. Our subsidiaries are fully regulated natural gas and electric utility companies serving approximately 3.8 million customers in six states. We generate substantially all of our operating income through these rate-regulated businesses. The consolidated 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.

**B. Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash, Cash Equivalents and Restricted Cash.** We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We report amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, we have amounts deposited in trusts to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, and holdbacks related to certain joint venture development agreements which is classified as restricted cash on the Consolidated Balance Sheets and disclosed with cash and cash equivalents on the Statements of Consolidated Cash Flows.

**D. Accounts Receivable and Unbilled Revenue.** Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from their last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates, weather and reasonable and supportable forecasts. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. Our accounts receivable on the Consolidated Balance Sheets include unbilled revenue, less reserves. The reserve for uncollectible receivables is our best estimate of the amount of probable credit losses in the existing accounts receivable. We determined the reserve based on historical collection experience, current market conditions and reasonable and supportable forecasts. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered. Refer to Note 3, "Revenue Recognition," for additional information on customer-related accounts receivable, including amounts related to unbilled revenues.

**E. Investments in Debt Securities.** Our investments in debt securities are carried at fair value and are designated as available-for-sale. These investments are included within "Available-for-sale debt securities" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are recorded to accumulated other comprehensive income or loss. At each reporting period these investments are qualitatively and quantitatively assessed to determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. Impairments related to credit loss are recorded through an allowance for credit losses. Impairments that are not related to credit losses are included in other comprehensive income and are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2023, 2022 or 2021. Refer to Note 14, "Fair Value," for additional information.

**F. Basis of Accounting for Rate-Regulated Subsidiaries.** Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be billed and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are later recognized in income as the related amounts are included in customer rates and recovered from or refunded to customers.

We continually evaluate whether or not our operations are within the scope of ASC 980 and rate regulations. As part of that analysis, we evaluate probability of recovery for our regulatory assets. In management's opinion, our regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 12, "Regulatory Matters," for additional information.

**G. Plant and Other Property and Related Depreciation and Maintenance.** Property, plant and equipment (principally utility plant) is stated at cost. Our rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties, as approved by the appropriate regulators.

Non-utility property includes renewable generation assets owned by JVs of which we are the primary beneficiary and is generally depreciated over the life of the associated assets. Refer to Note 9, "Property, Plant and Equipment," for additional information related to depreciation expense.

For rate-regulated companies where provided for in rates, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. Our consolidated pre-tax rate for AFUDC was 3.9% in 2023, 3.4% in 2022 and 3.3% in 2021.

Generally, our subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When our subsidiaries retire regulated property, plant and equipment, original cost plus the cost of retirement, less salvage value, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or is abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the gross amounts are classified as "Non-Utility and Other" as described in Note 9, "Property, Plant and Equipment." If the asset is no longer operating but still subject to recovery, the net amount is classified in "Regulatory assets" on the Consolidated Balance Sheets. If we are able to recover a full return of and on investment, the carrying value of the asset is based on historical cost. If we are not able to recover a full return on investment, a loss on impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

External and internal costs associated with on-premise computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. External and internal up-front implementation costs associated with cloud computing arrangements that are service contracts are deferred on the Consolidated Balance Sheets. Once the installed software is ready for its intended use, such deferred costs are amortized on a straight-line basis to "Operation and maintenance," over the minimum term of the contract plus contractually-provided renewal periods that are reasonably expected to be exercised.

**H. Goodwill and Other Intangible Assets.** Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. We test our goodwill for impairment annually as of May 1, or more frequently if events and circumstances indicate that goodwill might be impaired. Fair value of our reporting units is determined using a combination of income and market approaches. See Note 10, "Goodwill," for additional information.

**I. Accounts Receivable Transfer Programs.** Certain of our subsidiaries have agreements with third parties to transfer certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2023 and 2022 Consolidated Balance Sheets. When amounts are securitized, the short-term debt is recorded in the amount of proceeds received from the transferees involved in the transactions. Refer to Note 7, "Short-Term Borrowings," for further information.

**J. Gas Cost and Fuel Adjustment Clause.** Our regulated subsidiaries defer most differences between gas and fuel purchase costs and the recovery of such costs in revenues and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. These deferred balances are recorded as "Regulatory assets" or "Regulatory liabilities," as appropriate, on the Consolidated Balance Sheets. Refer to Note 12, "Regulatory Matters," for additional information.

**K. Gas Storage and Other Inventories.** Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for all of our regulated subsidiaries. Inventory valued using LIFO was \$43.9 million and \$43.0 million at December 31, 2023 and 2022, respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by \$22.5 million at December 31, 2023 and was greater than the stated LIFO cost by \$7.7 million at December 31, 2022. As all LIFO inventory costs are collected from customers through our rate-regulated subsidiaries, no inventory impairment has been recorded. Gas inventory valued using the weighted average cost methodology was \$222.0 million at December 31, 2023 and \$488.7 million at December 31, 2022.

Electric production fuel is valued using the weighted average cost inventory methodology, as approved by NIPSCO's regulator.

Materials and supplies are valued using the weighted average cost inventory methodology. Materials and supplies are charged to expense or capitalized to property, plant and equipment when issued.

**L. Accounting for Exchange and Balancing Arrangements of Natural Gas.** Our Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of its operations and off-system sales programs. We record a receivable or payable for any of our respective cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a Gas Distribution Operations exchange agreement. Exchange gas is valued based on individual regulatory jurisdiction requirements (for example, historical spot rate, spot at the beginning of the month). These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on our Consolidated Balance Sheets, as appropriate.

**M. Accounting for Risk Management Activities.** We account for our derivatives and hedging activities in accordance with ASC 815. We recognize all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value, unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

We do not offset the fair value amounts recognized for any of our derivative instruments against the fair value amounts recognized for the right to reclaim cash collateral or obligation to return cash collateral for derivative instruments executed with the same counterparty under a master netting arrangement. See Note 13, "Risk Management Activities," for additional information.

**N. Income Taxes and Investment Tax Credits.** We record income taxes to recognize full interperiod tax allocations. Under the asset and liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. Investment tax credits associated with regulated operations are deferred and amortized as a reduction to income tax expense over the estimated useful lives of the related properties.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property-related tax timing differences for which deferred taxes had not been provided in the past when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current Federal income tax rate. Such property-related amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method. Non property-related amounts are credited to ratepayers consistent with state utility commission direction.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, we and our subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. We and our subsidiaries are parties to a tax sharing agreement. Income taxes recorded by each party represent amounts that would be owed had the party been separately subject to tax.

**O. Pension Remeasurement.** We utilize a third-party actuary for the purpose of performing actuarial valuations of our defined benefit plans. Annually, as of December 31, we perform a remeasurement for our defined benefit plans. Quarterly, we monitor for significant events, and if a significant event is identified, we perform a qualitative and quantitative assessment to determine if the resulting remeasurement would materially impact the NiSource financial statements. If material, an interim remeasurement is performed. See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**P. Environmental Expenditures.** We accrue for costs associated with environmental remediation obligations, including expenditures related to asset retirement obligations and cost of removal, when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The accruals for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other accruals" for short-term portions of these liabilities and "Other noncurrent liabilities" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 11, "Asset Retirement Obligations," and Note 19, "Other Commitments and Contingencies," for further information.

**Q. Excise Taxes.** As an agent for some state and local governments, we invoice and collect certain excise taxes levied by state and local governments on customers and record these amounts as liabilities payable to the applicable taxing jurisdiction. Such balances are presented within "Other accruals" on the Consolidated Balance Sheets. These types of taxes collected from customers, comprised largely of sales taxes, are presented on a net basis affecting neither revenues nor cost of sales. We account for excise taxes for which we are liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense on the Statements of Consolidated Income.

**R. Accrued Insurance Liabilities.** We accrue for insurance costs related to workers compensation, automobile, property, general and employment practices liabilities based on the most probable value of each claim. In general, claim values are determined by professional, licensed loss adjusters who consider the facts of the claim, anticipated indemnification and legal expenses, and respective state rules. Claims are reviewed by us at least quarterly and an adjustment is made to the accrual based on the most current information.

**S. Noncontrolling Interest.** We maintain a controlling financial interest in certain of our less than wholly owned subsidiaries. We consolidate these subsidiaries as either voting interest entities or VIEs and present the third-party investors' portion of our net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Consolidated Balance Sheet.

On December 31, 2023, the NIPSCO Minority Interest Transaction closed and a 19.9% equity interest in NIPSCO Holdings II, the sole owner of NIPSCO, was issued to an affiliate of Blackstone. NIPSCO Holdings II does not meet the criteria of a VIE and instead is consolidated under the voting interest model in accordance with ASC 810 as we maintain control through a majority interest in NIPSCO Holdings II. Refer to Note 4, "Noncontrolling Interest," for further discussion on the NIPSCO Minority Interest Transaction.

We fund a significant portion of our renewable generation assets through JVs with tax equity partners. We consolidate these JVs in accordance with ASC 810 as they are VIEs in which we hold a variable interest, and we control decisions that are significant to the JVs' ongoing operations and economic results (i.e., we are the primary beneficiary).

These JVs are subject to profit sharing arrangements in which the allocation of the JVs' cash distributions and tax benefits to members is based on factors other than members' relative ownership percentages. As such, we utilize the HLBV method to allocate proceeds to each partner at the balance sheet date based on the liquidation provisions of the related JV's operating agreement and adjusts the amount of the VIE's net income attributable to us and the noncontrolling tax equity member during the period.

In each reporting period, the application of HLBV to our consolidated VIEs results in a difference between the amount of profit from the consolidated JVs and the amount included in regulated rates. As discussed above in "F. Basis of Accounting for Rate-Regulated Subsidiaries," we are subject to the accounting and reporting requirements of ASC 980. In accordance with these principles, 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 expense" on the Statements of Consolidated Income.

## 2. Recent Accounting Pronouncements

### Recently Issued Accounting Pronouncements

In August 2023, the 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 are currently evaluating the impact of this pronouncement on the formation of future joint ventures.

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. Specifically, the pronouncement requires disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss, disclosure of an amount for other segment items representing the

difference between segment revenue and segment expenses already disclosed, disclosure of all required annual disclosures for interim periods and disclosure of title and position of the CODM and how the CODM uses reported measures. 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 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 amendment will have on our income tax disclosures.

### Recently Adopted Accounting Pronouncements

In September 2022, the FASB issued ASU 2022-04, *Liabilities-Supplier Finance Programs (Topic 405-50) - Disclosure of Supplier Finance Program Obligations*. This pronouncement requires that a buyer in a supplier finance program disclose sufficient information to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This pronouncement is expected to improve financial reporting by requiring new disclosures about supplier finance programs, thereby allowing financial statement users to better consider the effect of such programs on an entity's working capital, liquidity, and cash flows. This pronouncement is effective for fiscal years beginning after December 15, 2022. The company adopted this pronouncement as of January 1, 2023. We had no active supplier finance programs as of December 31, 2023.

### 3. Revenue Recognition

**Customer Revenues.** Substantially all of our revenues are tariff-based. Under ASC 606, the recipients of our utility service meet the definition of a customer, while the operating company tariffs represent an agreement that meets the definition of a contract, which creates enforceable rights and obligations. Customers in certain of our jurisdictions participate in programs that allow for a fixed payment each month regardless of usage. Payments received that exceed the value of gas or electricity actually delivered are recorded as a liability and presented in "Customer Deposits and Credits" on the Consolidated Balance Sheets. Amounts in this account are reduced and revenue is recorded when customer usage exceeds payments received.

We have identified our performance obligations created under tariff-based sales as 1) the commodity (natural gas or electricity, which includes generation and capacity) and 2) delivery. These commodities are sold and / or delivered to and generally consumed by customers simultaneously, leading to satisfaction of our performance obligations over time as gas or electricity is delivered to customers. Due to the at-will nature of utility customers, performance obligations are limited to the services requested and received to date. Once complete, we generally maintain no additional performance obligations.

Transaction prices for each performance obligation are generally prescribed by each operating company's respective tariff. Rates include provisions to adjust billings for fluctuations in fuel and purchased power costs and cost of natural gas. Revenues are adjusted for differences between actual costs, subject to reconciliation, and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in "Regulatory Assets" or "Regulatory Liabilities" on the Consolidated Balance Sheets and are recovered from or returned to customers through adjustments to tariff rates. As we provide and deliver service to customers, revenue is recognized based on the transaction price allocated to each performance obligation. Distribution revenues are generally considered daily or "at-will" contracts as customers may cancel their service at any time (subject to notification requirements), and revenue generally represents the amount we are entitled to bill customers.

In addition to tariff-based sales, our Gas Distribution Operations segment enters into balancing and exchange arrangements of natural gas as part of our operations and off-system sales programs. Performance obligations for these types of sales include transportation and storage of natural gas and can be satisfied at a point in time or over a period of time, depending on the specific transaction. For those transactions that span a period of time, we record a receivable or payable for any cumulative gas imbalances, as well as for any gas inventory borrowed or lent under a Gas Distributions Operations exchange agreement.

**Revenue Disaggregation and Reconciliation.** We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. The Gas Distribution Operations segment provides natural gas service and transportation

for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, and Indiana. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

**Other Revenues.** As permitted by accounting principles generally accepted in the United States, regulated utilities have the ability to earn certain types of revenue that are outside the scope of ASC 606. These revenues primarily represent revenue earned under alternative revenue programs. Alternative revenue programs represent regulator-approved mechanisms that allow for the adjustment of billings and revenue for certain approved programs. We maintain a variety of these programs, including demand side management initiatives that recover costs associated with the implementation of energy efficiency programs, as well as normalization programs that adjust revenues for the effects of weather or other external factors. Additionally, we maintain certain programs with future test periods that operate similarly to FERC formula rate programs and allow for recovery of costs incurred to replace aging infrastructure. When the criteria to recognize alternative revenue have been met, we establish a regulatory asset and present revenue from alternative revenue programs on the Statements of Consolidated Income as "Other revenues". When amounts previously recognized under alternative revenue accounting guidance are billed, we reduce the regulatory asset and record a customer account receivable.

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

Year Ended December 31, 2023 (in millions)	Gas Distribution Operations <sup>(2)</sup>	Electric Operations <sup>(3)</sup>	Corporate and Other	Total
<b>Customer Revenues<sup>(1)</sup></b>				
Residential	\$ 2,462.5	\$ 583.9	\$ —	\$ 3,046.4
Commercial	847.9	578.1	—	1,426.0
Industrial	226.0	474.1	—	700.1
Off-system	60.6	—	—	60.6
Wholesale	1.6	32.0	—	33.6
Public Authority	—	11.5	—	11.5
Miscellaneous <sup>(4)</sup>	48.2	21.4	—	69.6
<b>Total Customer Revenues</b>	<b>\$ 3,646.8</b>	<b>\$ 1,701.0</b>	<b>\$ —</b>	<b>\$ 5,347.8</b>
<b>Other Revenues</b>	<b>73.6</b>	<b>83.2</b>	<b>0.8</b>	<b>157.6</b>
<b>Total Operating Revenues</b>	<b>\$ 3,720.4</b>	<b>\$ 1,784.2</b>	<b>\$ 0.8</b>	<b>\$ 5,505.4</b>

<sup>(1)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(2)</sup>Amounts included in Gas Distributions Operations Other revenues primarily related to weather normalization adjustment mechanisms.

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

<sup>(4)</sup>Amounts included in Gas Distributions are primarily related to earnings share mechanisms and late fees. Amounts included in Electric Operations are primarily related to late fees, property rentals, revenue refunds and adjustments.

Year Ended December 31, 2022 (in millions)	Gas Distribution Operations <sup>(2)</sup>	Electric Operations <sup>(3)</sup>	Corporate and Other <sup>(4)</sup>	Total
<b>Customer Revenues<sup>(1)</sup></b>				
Residential	\$ 2,609.7	\$ 592.4	\$ —	\$ 3,202.1
Commercial	939.6	571.0	—	1,510.6
Industrial	220.6	560.6	—	781.2
Off-system	192.9	—	—	192.9
Wholesale	2.1	13.5	—	15.6
Public Authority	—	12.1	—	12.1
Miscellaneous <sup>(5)</sup>	38.2	(14.1)	—	24.1
<b>Total Customer Revenues</b>	<b>\$ 4,003.1</b>	<b>\$ 1,735.5</b>	<b>\$ —</b>	<b>\$ 5,738.6</b>
<b>Other Revenues</b>	<b>4.1</b>	<b>95.4</b>	<b>12.5</b>	<b>112.0</b>
<b>Total Operating Revenues</b>	<b>\$ 4,007.2</b>	<b>\$ 1,830.9</b>	<b>\$ 12.5</b>	<b>\$ 5,850.6</b>

**NI SOURCE INC.**
**Notes to Consolidated Financial Statements**
**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

<sup>(1)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(2)</sup>Amounts included in Gas Distributions Operations Other revenues primarily related to weather normalization adjustment mechanisms.

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

<sup>(4)</sup>Other revenues related to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business, which was substantially completed as of June 30, 2022.

<sup>(5)</sup>Amounts included in Gas distributions are primarily related to earnings share mechanisms and late fees. Amounts included in Electric Operations are primarily related to revenue trackers, late fees, and property rentals.

Year Ended December 31, 2021 (in millions)	Gas Distribution Operations <sup>(2)</sup>	Electric Operations <sup>(3)</sup>	Corporate and Other <sup>(4)</sup>	Total
<b>Customer Revenues<sup>(1)</sup></b>				
Residential	\$ 2,109.4	\$ 567.9	\$ —	\$ 2,677.3
Commercial	722.4	534.9	—	1,257.3
Industrial	195.7	493.4	—	689.1
Off-system	71.3	—	—	71.3
Wholesale	1.4	15.7	—	17.1
Public Authority	—	12.5	—	12.5
Miscellaneous <sup>(5)</sup>	25.9	(20.0)	0.8	6.7
<b>Total Customer Revenues</b>	<b>\$ 3,126.1</b>	<b>\$ 1,604.4</b>	<b>\$ 0.8</b>	<b>\$ 4,731.3</b>
<b>Other Revenues</b>	<b>45.1</b>	<b>91.9</b>	<b>31.3</b>	<b>168.3</b>
<b>Total Operating Revenues</b>	<b>\$ 3,171.2</b>	<b>\$ 1,696.3</b>	<b>\$ 32.1</b>	<b>\$ 4,899.6</b>

<sup>(1)</sup>Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

<sup>(2)</sup>Amounts included in Gas Distributions Operations Other revenues primarily related to weather normalization adjustment mechanisms.

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

<sup>(4)</sup>Other revenues related to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

<sup>(5)</sup>Amounts included in Gas distributions are primarily related to earnings share mechanisms and late fees. Amounts included in Electric Operations are primarily related to revenue trackers, late fees and property rentals.

**Customer Accounts Receivable.** Accounts receivable on our Consolidated Balance Sheets 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 their 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 year ended December 31, 2023, 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.

(in millions)	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 December 31, 2023	479.4	337.6

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 collectibility. 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.

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 December 31, 2023 and December 31, 2022, are presented in the tables below:

<i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
<b>Balance as of January 1, 2023</b>	\$ 17.2	\$ 5.9	\$ 0.8	\$ 23.9
Current period provisions	33.8	6.0	—	39.8
Write-offs charged against allowance	(55.4)	(6.2)	—	(61.6)
Recoveries of amounts previously written off	20.4	0.4	—	20.8
<b>Balance as of December 31, 2023</b>	\$ 16.0	\$ 6.1	\$ 0.8	\$ 22.9

<i>(in millions)</i>	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
<b>Balance as of January 1, 2022</b>	\$ 18.9	\$ 3.8	\$ 0.8	\$ 23.5
Current period provisions	29.1	6.9	—	36.0
Write-offs charged against allowance	(52.1)	(5.3)	—	(57.4)
Recoveries of amounts previously written off	21.3	0.5	—	21.8
<b>Balance as of December 31, 2022</b>	\$ 17.2	\$ 5.9	\$ 0.8	\$ 23.9

#### 4. Noncontrolling Interest

**Variable Interest Entities.** A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for information on our accounting policy for the VIEs.

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 partners 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. Since 2021, NIPSCO and the tax equity partner have contributed \$401.5 million and \$507.2 million, respectively. 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 which includes the December 31, 2022 obligation of \$347.2 million and interest of \$42.0 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 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 year that was not previously contractually required, nor do we expect to provide such support in the future.

Our Consolidated Balance Sheets included the following assets and liabilities associated with VIEs.

<i>(in millions)</i>	December 31, 2023	December 31, 2022
Net Property, Plant and Equipment	\$ 1,369.8	\$ 978.5
Current assets	63.6	25.7
Total assets <sup>(1)</sup>	1,433.4	1,004.2
Current liabilities	68.3	128.2
Asset retirement obligations	55.7	30.6
Total liabilities	\$ 124.0	\$ 158.8

<sup>(1)</sup>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.

**Voting Interest Entities.** On June 17, 2023, NiSource and its wholly-owned subsidiary, NIPSCO Holdings II, entered into the BIP Purchase Agreement. NIPSCO Holdings II is the 100% owner of all issued and outstanding membership interests of NIPSCO. Under the terms of the BIP Purchase Agreement, we agreed to issue a 19.9% equity interest in NIPSCO Holdings II to BIP, an affiliate of Blackstone, in exchange for a cash contribution of \$2.15 billion at closing, subject to adjustment based on the timing of closing and the amount of NiSource capital contributions made prior to closing.

The closing of the NIPSCO Minority Equity Interest Transaction was subject to the satisfaction of certain customary closing conditions described in the Blackstone Purchase Agreement, including receipt of authorization by FERC. FERC approval was received on October 19, 2023.

On December 31, 2023, we consummated the issuance of a 19.9% indirect equity interest in NIPSCO to BIP in exchange 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. Approximately \$47.6 million of the transaction costs remain unpaid at December 31, 2023. No gain or loss was recognized by the parties in connection with the contributions of property in exchange for membership interests in NIPSCO Holdings II. Upon consummation of the minority interest transaction, NiSource owns an 80.1% controlling indirect equity interest in NIPSCO while BIP, owns the remaining 19.9% indirect equity interest. See Note 19, "Other Commitments and Contingencies - E. Other Matters," for a detailed discussion of the NIPSCO Holdings II LLC Agreement and governance structure.

## 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 purposes of determining diluted EPS, the shares underlying the purchase contracts included within the Equity Units were included in the calculation of potential common stock outstanding for the years ended December 31, 2023, 2022 and 2021 using the if-converted method under US GAAP. This method assumes conversion at the beginning of the reporting period, or at time of issuance, if later. The purchase contracts were settled on December 1, 2023. For the purchase contracts, the number of shares of our common stock that would have been issuable at the end of each reporting period prior to the settlement date were reflected in the denominator of our diluted EPS calculation. A numerator adjustment was reflected in the calculation of diluted EPS for interest expense incurred in 2023, 2022 and 2021, net of tax, related to the purchase contracts.

We adopted ASU 2020-06 on January 1, 2022, which required us to assume 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 were contingently convertible as the conversion was contingent on a successful remarketing as described in Note 6, "Equity." Contingently convertible shares where conversion was not tied to a market price trigger were excluded from the calculation of diluted EPS until such time as the contingency had been resolved under the if-converted method. As described in Note 6, "Equity.", the unsuccessful remarketing resolved the contingency and no shares were reflected in the denominator for the years ended December 31, 2023, 2022 and 2021, for the calculation of diluted EPS.

Diluted EPS also includes the incremental effects of our various long-term incentive compensation plans and 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.

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:

Year Ended December 31, <i>(in millions, except per share amounts)</i>	2023		2022		2021	
<b>Numerator:</b>						
Net Income Available to Common Shareholders	\$	661.7	\$	749.0	\$	529.8
Less: Income allocated to participating securities		0.6		—		—
Net Income Available to Common Shareholders - Basic	\$	661.1	\$	749.0	\$	529.8
Add: Dilutive effect of Equity Units		1.4		2.0		1.6
Net Income Available to Common Shareholders - Diluted	\$	662.5	\$	751.0	\$	531.4
<b>Denominator:</b>						
Average common shares outstanding - Basic		416.1		407.1		393.6
Dilutive potential common shares:						
Equity Units purchase contracts		29.8		30.2		22.0
Equity Units purchase contract payment balance		0.9		3.2		—
Shares contingently issuable under employee stock plans		0.7		0.9		0.8
Shares restricted under employee stock plans		0.4		0.5		0.3
ATM Forward agreements		—		0.8		0.6
Average Common Shares - Diluted		447.9		442.7		417.3
<b>Earnings per common share:</b>						
Basic	\$	1.59	\$	1.84	\$	1.35
Diluted	\$	1.48	\$	1.70	\$	1.27

## 6. Equity

Holders of shares of our common stock are entitled to receive dividends when, as, and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We have certain debt covenants that could potentially limit the amount of dividends we could pay in order to maintain compliance with these covenants. Refer to Note 8, "Long-Term Debt," for more information. As of December 31, 2023, these covenants did not restrict the amount of dividends that were available to be paid.

Dividends paid to preferred shareholders vary based on the series of preferred stock owned. Holders of our shares of common stock are subject to the prior dividend rights of holders of our preferred stock or the depositary shares representing such preferred stock outstanding, and if full dividends have not been declared and paid on all outstanding shares of preferred stock in any dividend period, no dividend may be declared or paid or set aside for payment on our common stock.

Common and preferred stock activity for 2023, 2022 and 2021 is described further below.

**ATM Program.** On February 22, 2021, we entered into six separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of \$750.0 million of our common stock. On December 31, 2023 the ATM program and the associated equity distribution agreements expired.

The following table summarizes our activity under the ATM program.

Year Ending December 31,	2023		2022	
Number of shares issued		—		5,941,598
Average price per share	\$	—	\$	25.25
Proceeds, net of fees <i>(in millions)</i>	\$	—	\$	141.9

**Preferred Stock.** The following table summarizes preferred stock by outstanding series of shares:

	Liquidation Preference Per Share	Shares	Year ended December 31,			December 31,	
			2023	2022	2021	2023	2022
<i>(in millions except shares and per share amounts)</i>			Dividends Declared Per Share <sup>(2)</sup>			Outstanding	
5.650% Series A	\$ 1,000.00	—	\$ 28.25	\$ 56.50	\$ 56.50	—	\$ 393.9
6.500% Series B	25,000.00	20,000	1,625.00	1,625.00	1,625.00	486.1	486.1
Series C <sup>(1)</sup>	\$ 1,000.00	—	—	—	—	—	\$ 666.5

<sup>(1)</sup> The Series C Mandatory Convertible Preferred Stock did 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.

<sup>(2)</sup> Dividends declared per share for the twelve months ended December 31, 2023 reflects the dividend declared on the Series A Preferred Stock on March 14, 2023. The dividend was paid on June 15, 2023.

**Series A Preferred Stock.** On June 11, 2018, we completed the sale of 400,000 shares of 5.650% Series A Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock") at a price of \$1,000 per share. The transaction resulted in \$400.0 million of gross proceeds or \$393.9 million of net proceeds, after deducting commissions and sale expenses. Dividends on the Series A Preferred Stock accrued and were cumulative from the date the shares of Series A Preferred Stock were originally issued to, but not including, June 15, 2023 at a rate of 5.650% per annum of the \$1,000 liquidation preference per share. As of December 31, 2022, Series A Preferred Stock had \$1.0 million of cumulative preferred dividends in arrears, or \$2.51 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 in total. Following the redemption, dividends ceased to accrue on such shares of Series A Preferred Stock, and the shares of Series A Preferred Stock are no longer deemed outstanding and all rights of the holders of the shares of Series A Preferred Stock were terminated. In conjunction with the redemption, we recorded a 9.8 million preferred stock redemption premium, calculated as the difference between the carrying value on the redemption date of the Series A Preferred Stock and the total amount of consideration paid to redeem, which was recorded as a reduction to retained earnings during 2023. The preferred stock redemption premium included the recognition of an excise tax liability under the IRA of \$3.6 million. This liability is net of the fair value of common shares issued during 2023.

In June 2023, we filed a certificate of 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 A Preferred Stock. As a result, the 400,000 shares that were previously designated as Series A 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.

**Series B Preferred Stock.** On December 5, 2018, we completed the sale of 20,000,000 depository shares with an aggregate liquidation preference of \$500,000,000 under the Company's registration statement on Form S-3. Each depository share represents 1/1,000th ownership interest in a share of our 6.500% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, liquidation preference \$25,000 per share (equivalent to \$25 per depository share) (the "Series B Preferred Stock"). The transaction resulted in \$500.0 million of gross proceeds or \$486.1 million of net proceeds, after deducting commissions and sale expenses.

Dividends on the Series B Preferred Stock accrue and are cumulative from the date the shares of Series B Preferred Stock were originally issued to, but not including, March 15, 2024 at a rate of 6.500% per annum of the \$25,000 liquidation preference per share. On and after March 15, 2024, dividends on the Series B Preferred Stock will accumulate for each five year period at a percentage of the \$25,000 liquidation preference equal to the five-year U.S. Treasury Rate plus (i) in respect of each five year period commencing on or after March 15, 2024 but before March 15, 2044, a spread of 3.632% (the "Initial Margin"), and (ii) in respect of each five year period commencing on or after March 15, 2044, the Initial Margin plus 1.000%. The Series B Preferred Stock may be redeemed by us at our option on March 15, 2024, or on each date falling on the fifth anniversary thereafter, or in connection with a ratings event (as defined in the Certificate of Designation of the Series B Preferred Stock).

As of December 31, 2023 and 2022, Series B Preferred Stock had \$1.4 million of cumulative preferred dividends in arrears, or \$72.23 per share.

In addition, 20,000 shares of Series B-1 Preferred Stock, par value \$0.01 per share, were outstanding as of December 31, 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 the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

Holders of Series B Preferred Stock generally have no voting rights, except for limited voting rights with respect to (i) potential amendments to our certificate of incorporation that would have a material adverse effect on the existing preferences, rights, powers or duties of the Series B Preferred Stock, (ii) the creation or issuance of any security ranking on a parity with the Series B Preferred Stock if the cumulative dividends payable on then outstanding Series B Preferred Stock are in arrears, or (iii) the creation or issuance of any security ranking senior to the Series B Preferred Stock. In addition, if and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid for at least six dividend periods, whether or not consecutive, the number of directors then constituting our Board of Directors shall automatically be increased by two until all accumulated and unpaid dividends on the Series B Preferred Stock shall have been paid in full, and the holders of Series B-1 Preferred Stock, voting as a class together with the holders of any outstanding securities ranking on a parity with the Series B-1 Preferred Stock and having like voting rights that are exercisable at the time and entitled to vote thereon, shall be entitled to elect the two additional directors. The Series B Preferred Stock does not have a stated maturity and is not subject to mandatory redemption or any sinking fund. The Series B Preferred Stock will remain outstanding indefinitely unless repurchased or redeemed by us. Any such redemption would be effected only out of funds legally available for such purposes and will be subject to compliance with the provisions of our outstanding indebtedness.

On February 9, 2024, we announced that we will redeem all outstanding shares of our Series B Preferred Stock and Series B-1 Preferred Stock and the corresponding depositary shares representing interests in the outstanding shares of the Series B Preferred and Series B-1 Preferred Stock on March 15, 2024 for a redemption price of \$25.00 per depositary share. On and after the redemption date, dividends on the redeemed Series B Preferred Stock and the corresponding depositary shares will cease to accumulate.

**Equity Units.** On April 19, 2021, 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 consisted of a forward contract to purchase shares of our common stock in the future and a 1/10th, or 10%, undivided beneficial ownership interest in one share of Series C Mandatory Convertible Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share. The Series C Mandatory Convertible Preferred Stock was pledged upon issuance as collateral to secure the purchase of common stock under the related purchase contracts. The Series C Mandatory Convertible Preferred Stock did not bear any dividends and the liquidation preference did not accrete.

Selected information about the Equity Units is presented below:

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

<sup>(1)</sup>Issuance costs of \$27.0 million were recorded on a relative fair value basis as a reduction to preferred stock of \$22.5 million and a reduction to the purchase contract liability of \$4.5 million.

Pursuant to the Purchase Contract and Pledge Agreement, we were required to attempt a remarketing of the Series C Mandatory Convertible Preferred Stock prior to December 1, 2023. On November 17, 2023, we announced the unsuccessful final remarketing of our Series C Mandatory Convertible Preferred Stock. On December 1, 2023, we issued 33,898,837 shares of our common stock under the purchase contract component of the Corporate Units based upon the per-share daily volume weighted average of our common stock over a consecutive 40-day trading period ending on November 29, 2023. 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 related purchase contract, and 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.

We paid quarterly contract adjustment payments at the rate of 7.75% per year on the stated amount of \$100 per Equity Unit. As of December 31, 2023 and December 31, 2022 the purchase contract liability was zero and \$65.0 million, respectively. Purchase contract payments were recorded against this liability. Accretion of the purchase contract liability was recorded as interest expense. Cash payments of \$66.8 million were made during the years ended December 31, 2023 and 2022.

We accounted for the Corporate Units as a single unit of account and recorded the initial present value of the purchase contract payments as a liability with a corresponding reduction to preferred stock. As of December 31, 2023, the balance of the Series C Mandatory Convertible Preferred Stock was \$0.0 million and during the fourth quarter of 2023 we recorded the settlement of the forward purchase contract as an increase to common stock and additional paid-in capital.

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

**Noncontrolling Interest in Consolidated Subsidiaries.** As of December 31, 2023 and 2022, NIPSCO and tax equity partners have completed their cash contributions into Indiana Crossroads Wind, Rosewater, Indiana Crossroads Solar and Dunns Bridge I JVs. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the respective tax equity partners in varying percentages by category and over the life of the partnership. The tax equity partner's contributions, net of these allocations, is represented as a noncontrolling interest within total equity on the Consolidated Balance Sheets. Refer to Note 4, "Noncontrolling Interest," for more information.

On December 31, 2023, we consummated the closing of the NIPSCO Minority Interest Transaction and issued a 19.9% equity interest in NIPSCO Holdings II LLC to BIP in exchange for a capital contribution of \$2.16 billion in cash. Transaction costs and deferred tax impacts of \$54.7 million and \$63.5 million were recorded during the period ending December 31, 2023. Refer to Note 15, "Income Taxes," and Note 19, "Other Commitments and Contingencies - E. Other Matters," in the Notes to the Consolidated Financial Statements for more information on this transaction.

## 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. At December 31, 2023 and 2022, we had no outstanding borrowings under this facility.

**Commercial Paper Program.** At December 31, 2023, our commercial paper program had a program limit of up to \$1.5 billion. On February 9, 2024, we increased the program limit to \$1.85 billion. We had \$1,061.0 million and \$415.0 million of commercial paper outstanding with weighted-average interest rates of 5.65% and 4.60% as of December 31, 2023 and 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 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 Consolidated Balance Sheets. As of December 31, 2023, the maximum amount of debt that could be recognized related to our accounts receivable programs is \$383.9 million.

We had \$337.6 million and \$347.2 million short-term borrowings related to the securitization transactions as of December 31, 2023 and 2022, respectively.

For the year ended December 31, 2023, \$9.6 million was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. For the year ended December 31, 2022, \$347.2 million was recorded as cash flows from 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 \$2.7 million, \$2.5 million, and \$1.4 million for the years ended December 31, 2023, 2022 and 2021, 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. Refer to Note 23, "Interest Expense, Net," for additional information on securitization transaction fees.

**Term Credit Agreements.** 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 recorded an immaterial loss on extinguishment of debt in the fourth quarter of 2023. Interest charged on the borrowings depended on the variable rate structure elected at the time of each borrowing. The available variable rate structures from which we could choose were 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 6.41% and 5.37% as of December 31, 2023 and 2022, respectively.

On November 9, 2023, we entered into a \$250.0 million term credit agreement with a bank. The agreement had a maturity date of November 7, 2024 and interest charged on the borrowings depended on the variable rate structure elected at the time of each borrowing. The available variable rate structures from which we could choose were defined in the agreement. On December 6, 2023, we entered into an augmenting lender supplement to the agreement with a syndicate of banks for an additional \$400.0 million. Under the agreement, we borrowed \$250.0 million on November 9, 2023 and \$400.0 million on December 6, 2023 with an interest rate of SOFR plus 115 basis points. We had \$650.0 million outstanding under this agreement with an interest rate of 6.50% as of December 31, 2023.

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.

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

**8. Long-Term Debt**

Our long-term debt as of December 31, 2023 and 2022 is as follows:

Long-term debt type	Maturity as of December 31, 2023	Weighted average interest rate (%)	Outstanding balance as of December 31, (in millions)	
			2023	2022
<b>Senior notes:</b>				
NiSource	August 2025	0.95 %	\$ 1,250.0	\$ 1,250.0
NiSource	May 2027	3.49 %	1,000.0	1,000.0
NiSource	December 2027	6.78 %	3.0	3.0
NiSource	March 2028	5.25 %	1,050.0	—
NiSource	September 2029	2.95 %	750.0	750.0
NiSource	May 2030	3.60 %	1,000.0	1,000.0
NiSource	February 2031	1.70 %	750.0	750.0
NiSource	June 2033	5.40 %	450.0	—
NiSource	December 2040	6.25 %	152.6	152.6
NiSource	June 2041	5.95 %	347.4	347.4
NiSource	February 2042	5.80 %	250.0	250.0
NiSource	February 2043	5.25 %	500.0	500.0
NiSource	February 2044	4.80 %	750.0	750.0
NiSource	February 2045	5.65 %	500.0	500.0
NiSource	May 2047	4.38 %	1,000.0	1,000.0
NiSource	March 2048	3.95 %	750.0	750.0
NiSource	June 2052	5.00 %	350.0	350.0
<b>Total senior notes</b>			<b>\$ 10,853.0</b>	<b>\$ 9,353.0</b>
<b>Medium term notes:</b>				
NiSource	May 2027	7.99 %	\$ 29.0	\$ 29.0
NIPSCO	June 2027 to August 2027	7.64 %	58.0	58.0
Columbia of Massachusetts	December 2025 to February 2028	6.37 %	15.0	15.0
<b>Total medium term notes</b>			<b>\$ 102.0</b>	<b>\$ 102.0</b>
<b>Finance leases:</b>				
NiSource Corporate Services	February 2024 to September 2027	2.89 %	\$ 30.5	\$ 48.6
NIPSCO	December 2027 to November 2035	4.77 %	61.2	16.5
Columbia of Ohio	December 2025 to March 2044	6.16 %	90.3	83.5
Columbia of Virginia	July 2029 to November 2039	6.23 %	16.1	17.0
Columbia of Kentucky	May 2027	3.79 %	0.2	0.2
Columbia of Pennsylvania	July 2027 to May 2035	4.49 %	7.1	8.9
<b>Total finance leases</b>			<b>\$ 205.4</b>	<b>\$ 174.7</b>
<b>Unamortized issuance costs and discounts</b>			<b>\$ (81.1)</b>	<b>\$ (76.1)</b>
<b>Total Long-Term Debt</b>			<b>\$ 11,079.3</b>	<b>\$ 9,553.6</b>

Details of our 2023 long-term debt related activity are summarized below:

- On March 24, 2023, we completed the issuance 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 \$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.

Details of our 2022 long-term debt related activity are summarized below:

- On April, 2022, we repaid \$20.0 million of 7.99% medium term notes at maturity.
- On June 10, 2022, we completed the issuance and sale of \$350.0 million of 5.00% senior unsecured notes maturing in 2052, which resulted in approximately \$344.6 million of net proceeds after discount and debt issuance costs.
- On August 30, 2022, NIPSCO repaid \$10.0 million of 7.40% medium term notes at maturity.

See Note 19, "Other Commitments and Contingencies - A. Contractual Obligations," for the outstanding long-term debt maturities at December 31, 2023.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds.

We are subject to a financial covenant under our revolving credit facility which requires us to maintain a debt to capitalization ratio that does not exceed 70%. As of December 31, 2023, the ratio was 58.2%.

We are also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on our assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$200 million. An asset sale covenant generally restricts the sale, conveyance, lease, transfer or other disposition of our assets to those dispositions that are for a price not materially less than fair market of such assets, that would not materially impair our ability to perform obligations under the revolving credit facility, and that together with all other such dispositions, would not have a material adverse effect. The covenant also restricts dispositions to no more than 15% of our consolidated total assets on December 31, 2022. Additionally, the revolving credit facility requires us to own directly or indirectly at least 70% of NIPSCO. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of us or any of our subsidiaries in a principal amount of \$75.0 million or more.

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

**9. Property, Plant and Equipment**

Our property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, (in millions)	2023	2022
<b>Property, Plant and Equipment</b>		
Gas Distribution Utility	\$ 18,154.5	\$ 16,576.4
Electric Utility	7,907.9	7,162.4
Corporate	274.2	271.7
Construction Work in Process	1,261.1	1,398.2
Renewable Generation Assets <sup>(1)</sup>	1,434.4	702.2
Non-Utility and Other	1,450.0	1,440.4
<b>Total Property, Plant and Equipment</b>	<b>\$ 30,482.1</b>	<b>\$ 27,551.3</b>
<b>Accumulated Depreciation and Amortization</b>		
Gas Distribution Utility	\$ (3,924.4)	\$ (3,678.1)
Electric Utility	(2,709.5)	(2,557.4)
Corporate	(174.2)	(160.0)
Renewable Generation Assets <sup>(1)</sup>	(64.5)	(29.7)
Non-Utility and Other	(1,334.6)	(1,283.5)
<b>Total Accumulated Depreciation and Amortization</b>	<b>\$ (8,207.2)</b>	<b>\$ (7,708.7)</b>
<b>Net Property, Plant and Equipment</b>	<b>\$ 22,274.9</b>	<b>\$ 19,842.6</b>

<sup>(1)</sup>Our renewable generation assets are part of our electric segment and represent Non-Utility Property, owned and operated by JVs between NIPSCO and unrelated tax equity partners, and depreciated straight-line over 30 years. Refer to Note 4, "Noncontrolling Interest," for additional information.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2023, 2022 and 2021 were as follows:

	2023	2022	2021
Electric Operations	3.5 %	3.1 %	3.4 %
Gas Distribution Operations	2.4 %	2.3 %	2.2 %

We recognized depreciation expense of \$756.9 million, \$685.0 million and \$672.1 million for the years ended 2023, 2022 and 2021, respectively. The 2023, 2022 and 2021, depreciation expense includes \$12.5 million, \$11.0 million, and \$5.3 million related to the regulatory deferral of income associated with our JVs, which is not included in current rates. See Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," for additional details.

**Amortization of on-premise Software Costs.** We amortized \$77.5 million, \$53.1 million and \$49.4 million in 2023, 2022 and 2021, respectively, related to software recorded as intangible assets. Our unamortized software balance was \$205.6 million and \$190.1 million at December 31, 2023 and 2022, respectively.

**Amortization of Cloud Computing Costs.** We amortized \$12.6 million, \$11.1 million and \$10.0 million in 2023, 2022 and 2021, respectively, related to cloud computing costs to "Operation and maintenance" expense. Our unamortized cloud computing balance was \$32.2 million and \$45.7 million at December 31, 2023 and 2022, respectively.

**10. Goodwill**

Substantially all of our goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition on November 1, 2000. Our goodwill balance was \$1,485.9 million as of December 31, 2023 and 2022. All of our goodwill has been allocated to the Gas Distribution Operations segment.

For our annual goodwill impairment analysis performed as of May 1, 2023, we completed a qualitative "step 0" assessment and determined that it was more likely than not that the estimated fair value of the reporting unit substantially exceeded the related carrying value of our reporting unit. For this test, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to the baseline "step 1" fair value measurement performed May 1, 2020.

**11. Asset Retirement Obligations**

We have recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of our facilities (including our JV facilities), certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. We also have an obligation associated with the decommissioning of our two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and as such, no asset retirement obligation has been recorded.

Changes in our liability for asset retirement obligations for the years 2023 and 2022 are presented in the table below:

<i>(in millions)</i>	2023	2022
Beginning Balance	\$ 513.5	\$ 512.4
Accretion recorded as a regulatory asset/liability	20.0	17.1
Additions	23.5	9.5
Settlements	(41.6)	(22.3)
Change in estimated cash flows	37.6	(3.2)
Ending Balance	\$ 553.0	\$ 513.5

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

**12. Regulatory Matters**Regulatory Assets and Liabilities

We follow the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures when the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates will be charged and collected from customers. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in customer rates and recovered from or refunded to customers. We assess the probability of collection for all of our regulatory assets each period.

Regulatory assets were comprised of the following items:

At December 31, (in millions)	2023	2022
<b>Regulatory Assets</b>		
Unrecognized pension and other postretirement benefit costs (see Note 16)	\$ 561.6	\$ 607.5
Deferred pension and other postretirement benefit costs (see Note 16)	59.7	72.2
Environmental costs (see Note 19-D.)	40.6	41.4
Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15)	163.5	158.0
Under-recovered gas and fuel costs (see Note 1-J.)	12.7	85.5
Depreciation	201.9	191.3
Post-in-service carrying charges	269.9	251.5
Safety activity costs	206.6	200.7
DSM programs	25.0	37.5
Retired coal generating stations	682.0	744.0
Losses on commodity price risk programs (See Note 13)	24.4	10.0
Deferred property taxes	72.3	68.5
Renewable energy investments (See Note 1-S. and Note 4)	60.8	37.7
Other	79.2	75.0
<b>Total Regulatory Assets</b>	<b>\$ 2,460.2</b>	<b>\$ 2,580.8</b>
<b>Less: Current Portion</b>	<b>214.3</b>	<b>233.2</b>
<b>Total Noncurrent Regulatory Assets</b>	<b>\$ 2,245.9</b>	<b>\$ 2,347.6</b>

Regulatory liabilities were comprised of the following items:

At December 31, (in millions)	2023	2022
<b>Regulatory Liabilities</b>		
Over-recovered gas and fuel costs (see Note 1-J.)	\$ 144.5	\$ 20.6
Cost of removal (see Note 11)	597.2	675.9
Regulatory effects of accounting for income taxes (see Note 1-N. and Note 15)	849.9	996.3
Deferred pension and other postretirement benefit costs (see Note 16)	54.0	66.8
Gains on commodity price risk programs (See Note 13)	23.3	90.0
Customer Assistance Programs	19.8	32.9
Off-Systems sales sharing	19.0	12.3
HLBV Adjustments under ASC 980	18.1	5.4
Rate Refunds	16.1	51.4
Other	47.4	61.0
<b>Total Regulatory Liabilities</b>	<b>\$ 1,789.3</b>	<b>\$ 2,012.6</b>
<b>Less: Current Portion</b>	<b>278.6</b>	<b>236.8</b>
<b>Total Noncurrent Regulatory Liabilities</b>	<b>\$ 1,510.7</b>	<b>\$ 1,775.8</b>

Regulatory assets, including under-recovered gas and fuel costs and depreciation, of approximately \$716.4 million and \$1,324.7 million as of December 31, 2023 and 2022, respectively, are not earning a return on investment. These costs are recovered over a remaining life, the longest of which is 69 years.

**Assets:**

**Unrecognized pension and other postretirement benefit costs.** Represents the deferred other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately

recognized as components of net periodic benefit costs by certain subsidiaries that will ultimately be recovered through base rates.

**Deferred pension and other postretirement benefit costs.** Primarily relates to the difference between defined benefit plan expense recorded by certain subsidiaries due to regulatory orders and the corresponding expense that would otherwise be recorded in accordance with GAAP. The majority of these amounts are driven by Columbia of Ohio. On January 26, 2023, the PUCO approved the joint stipulation in Columbia of Ohio's rate case in which, Columbia agreed to forego the continuation of its pension and OPEB deferral prospectively as of March 31, 2021.

**Environmental costs.** Includes certain recoverable costs related to gas plant sites, disposal sites or other sites onto which material may have migrated, the recovery of which is to be addressed in future base rates, billing riders or tracking mechanisms of certain of our subsidiaries.

**Regulatory effects of accounting for income taxes.** Represents the deferral and under collection of deferred taxes in the rate making process.

**Under-recovered gas and fuel costs.** Represents the difference between the costs of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects, and the recovery of such costs in revenue and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

**Depreciation.** Represents differences between depreciation expense incurred on a GAAP basis and that prescribed through regulatory order. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Post-in-service carrying charges.** Represents deferred debt-based carrying charges incurred on certain assets placed into service but not yet included in customer rates. The majority of this balance is driven by Columbia of Ohio's IRP and CEP deferrals.

**Safety activity costs.** Represents the difference between costs incurred by certain of our subsidiaries in eligible safety programs in compliance with PHMSA regulations in excess of those being recovered in rates. The majority of this balance is driven by Columbia of Ohio, which began recovery in March 2023 through base rates.

**DSM programs.** Represents costs associated with Gas Distribution Operations and Electric Operations energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

**Retired coal generating stations.** Represents the net book value of Units 7 and 8 of Bailly Generating Station that was retired during 2018 and the net book value of Units 14 and 15 of R.M. Schahfer Generating Station retired in 2021. These amounts are currently being amortized at a rate consistent with their inclusion in customer rates. The December 2023 NIPSCO electric rate case order allows for the recovery of, and on, the net book value of the stations by the end of 2034 and implements a revenue credit for the retired units. The credit is based on the difference between the net book value of Units 14 and 15 upon retirement and the last base rate case proceeding. The credit will be reset when new base rates are determined. See Note 9, "Property, Plant and Equipment," for further details.

**Losses on commodity price risk programs.** Represents the unrealized losses related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices and these amounts are collected from customers through their inclusion in customer rates.

**Deferred property taxes.** Represents the deferral and under collection of property taxes in the rate making process for Columbia of Ohio and is driven by the IRP and CEP deferrals.

**Renewable energy investments.** Represents the regulatory deferral of certain 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. These amounts will be collected through base rates over the life of the renewable generating assets to which they relate. The offset to the regulatory liability or asset associated with our renewable investments is recorded in "Depreciation expense" on the Statements of Consolidated Comprehensive Income. Renewable energy formation and developer costs are also included in this regulatory asset. Refer to Note 1, "Nature of Operations and Summary of Significant Accounting Policies - S. Noncontrolling Interest," Note 4, "Noncontrolling Interest," and Note 9, "Property, Plant and Equipment," for additional information.

**Liabilities:**

**Over-recovered gas and fuel costs.** Represents the difference between the cost of gas and fuel, as well as energy acquired through power purchase agreements, including NIPSCO's own renewable projects and, the recovery of such costs in revenues and is the basis to adjust future billings for such refunds on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

**Cost of removal.** Represents anticipated costs of removal for utility assets that have been collected through depreciation rates for future costs to be incurred.

**Regulatory effects of accounting for income taxes.** Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers. Balance includes excess deferred taxes recorded upon implementation of the TCJA in December 2017, net of amounts amortized through 2023. For discussion of the regulatory impact of the NIPSCO Minority Interest Transaction on deferred taxes, see Note 15, "Income Taxes," for additional details.

**Deferred pension and other postretirement benefit costs.** Primarily represents cash contributions in excess of postretirement benefit expense that is deferred by certain subsidiaries.

**Gains on commodity price risk programs.** Represents the unrealized gains related to certain of our subsidiary's commodity price risk programs. These programs help to protect against the volatility of commodity prices, and these amounts are passed back to customers through their inclusion in customer rates.

**Customer Assistance Programs.** Represents the difference between the eligible customer assistance program costs and collections, which will be refunded to customers.

**Rate Refunds.** Represents supplier refunds received by the company that are owed to customers and will be remitted.

**Off System Sales Sharing.** Represents amounts to be passed back to the customers as a result of Off System sales that is shared between the company and the customer.

NIPSCO regulatory update

As part of the NIPSCO Gas Settlement and Stipulation Agreement filed on March 2, 2022, NIPSCO Gas agreed to change the depreciation methodology 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 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 have been implemented, holding that the new rates should have only applied to electric usage on or after August 4, 2023, and not for electric usage prior to that date for bills yet to be rendered. NIPSCO was ordered to make a filing reflecting the calculation of the refund to customers by November 10, 2023. The refund was passed back to customers through bills in November and December 2023.

Columbia of Ohio regulatory filing update

On February 28, 2023, Columbia of Ohio filed an application with the PUCO requesting authority to establish a new rider, the PHMSA Infrastructure Replacement Program ("PHMSA IRP") Rider. The Rider was proposed to recover the capital and O&M costs associated with compliance of the PHMSA Mega Rule. On July 7, 2023, the PUCO Staff filed a Staff Report recommending approval of the PHMSA IRP Rider, with several modifications. A Joint Stipulation and Recommendation was filed on September 8, 2023, recommending approval of the PHMSA IRP Rider, as modified by the Staff Report and as further modified by the terms of the Joint Stipulation and Recommendation. The PUCO approved the PHMSA IRP Rider by Opinion and Order dated November 1, 2023. Columbia of Ohio filed its notice of intent to utilize the PHMSA IRP Rider to seek cost recovery for its 2023 investments in Q4 2023.

FAC Adjustment

As ordered by the IURC on June 15, 2022, NIPSCO was required to refund to customers \$8.0 million of over-collected fuel costs. The refund was recorded as a regulatory liability on the Consolidated Balance Sheets and was fully refunded in 2023, which eliminated the liability.

**13. Risk Management Activities**

We are exposed to certain risks related 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 limit volatility in the price of natural gas, and manage interest rate exposure.

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

<i>(in millions)</i>	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Current <sup>(1)</sup>				
Derivatives not designated as hedging instruments	\$ 1.1	\$ 7.5	\$ 18.8	\$ 1.1
Total	\$ 1.1	\$ 7.5	\$ 18.8	\$ 1.1
Noncurrent <sup>(2)</sup>				
Derivatives not designated as hedging instruments	\$ 22.2	\$ 1.9	\$ 66.0	\$ 1.9
Total	\$ 22.2	\$ 1.9	\$ 66.0	\$ 1.9

<sup>(1)</sup> Current assets and liabilities are presented in "Prepayments and other" and "Other accruals", respectively, on the Consolidated Balance Sheets.

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

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 December 31, 2023. 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 \$13.9 million and \$81.8 million at December 31, 2023 and 2022, respectively.

**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, for us or 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. As of December 31, 2023 and 2022, we had 76.1 MMDth and 99.0 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 December 31, 2023, the remaining terms of these instruments range from one to four 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.

**Derivatives Designated as Hedging Instruments**

**Interest rate risk management.** As of December 31, 2023 and 2022, we had no forward-starting interest rate swaps outstanding.

The overall net gain related to our multiple settled interest rate swaps is recorded to 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 in 2023, 2022 and 2021 and are recorded in "Interest expense, net" on the Statements of Consolidated Income.

Cash flows for derivative financial instruments are generally classified as operating activities.

**14. 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 Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2023 and December 31, 2022:

Recurring Fair Value Measurements December 31, 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 December 31, 2023
<b>Assets</b>				
Risk management assets	\$ —	\$ 23.3	\$ —	\$ 23.3
Available-for-sale debt securities	—	159.1	—	159.1
<b>Total</b>	<b>\$ —</b>	<b>\$ 182.4</b>	<b>\$ —</b>	<b>\$ 182.4</b>
<b>Liabilities</b>				
Risk management liabilities	\$ —	\$ 9.4	\$ —	\$ 9.4
<b>Total</b>	<b>\$ —</b>	<b>\$ 9.4</b>	<b>\$ —</b>	<b>\$ 9.4</b>

Recurring Fair Value Measurements December 31, 2022 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2022
<b>Assets</b>				
Risk management assets	\$ —	\$ 84.8	\$ —	\$ 84.8
Available-for-sale debt securities	—	151.6	—	151.6
<b>Total</b>	<b>\$ —</b>	<b>\$ 236.4</b>	<b>\$ —</b>	<b>\$ 236.4</b>
<b>Liabilities</b>				
Risk management liabilities	\$ —	\$ 3.0	\$ —	\$ 3.0
<b>Total</b>	<b>\$ —</b>	<b>\$ 3.0</b>	<b>\$ —</b>	<b>\$ 3.0</b>

**Risk Management Assets and Liabilities.** Risk management assets and liabilities include interest rate swaps, 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 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.

*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 December 31, 2023 and 2022, 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 and Columbia of Pennsylvania have entered into long-term forward natural gas purchase instruments to lock in a fixed price for their 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 13, "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 December 31, 2023 and December 31, 2022, we recorded \$0.6 million and \$0.9 million, respectively, 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.

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

December 31, 2023 <i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses <sup>(1)</sup>	Allowance for Credit Losses	Fair Value
<b>Available-for-sale debt securities</b>					
U.S. Treasury debt securities	\$ 63.8	\$ —	\$ (3.2)	\$ —	\$ 60.6
Corporate/Other debt securities	105.2	0.8	(6.9)	(0.6)	98.5
<b>Total</b>	<b>\$ 169.0</b>	<b>\$ 0.8</b>	<b>\$ (10.1)</b>	<b>\$ (0.6)</b>	<b>\$ 159.1</b>

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

<sup>(1)</sup> 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 \$58.7 and \$74.8 million, respectively, at December 31, 2023.

<sup>(2)</sup> 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 and \$85.5 million, respectively, at December 31, 2022.

Realized gains and losses on available-for-sale securities was \$1.0 million for the year ended December 31, 2023 and immaterial for 2022.

The cost of maturities sold is based upon specific identification. At December 31, 2023, approximately \$16.8 million of U.S. Treasury debt securities and approximately \$4.9 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2023 and 2022.

#### Non-recurring Fair Value Measurements

We measure the fair value of certain assets, including 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.** The purchase contract liability underlying the Equity units was valued at its April 19, 2021 value and categorized as a Level 2 instrument at December 31, 2022. The purchase contract liability was fully settled as of December 31, 2023. Refer to Note 6, "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. For the years ended December 31, 2023 and 2022, 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:

At December 31, (in millions)	Carrying Amount 2023	Estimated Fair Value 2023	Carrying Amount 2022	Estimated Fair Value 2022
Long-term debt (including current portion)	\$ 11,079.3	\$ 10,370.9	\$ 9,553.6	\$ 8,479.4

## 15. Income Taxes

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. The interpretation of tax laws and associated regulations involves uncertainty as taxing authorities may interpret the laws differently.

NIPSCO's historical business activities through the closing of the NIPSCO Minority Interest Transaction were included in the consolidated U.S. federal and certain state income tax returns of NiSource Inc. Historically, NIPSCO has been treated as a taxable division of its corporate parent, NiSource Inc., and then as a division of NIPSCO Holdings I effective April 13, 2023. In connection with the NIPSCO Minority Interest Transaction, NIPSCO Holdings I retained NIPSCO's income tax balances and 80.1% of the excess deferred income tax regulatory balances as described below. NIPSCO Holdings I's income tax balances are based on the difference between the financial statement amount and the tax basis of its investment in NIPSCO Holdings II.

**Income Tax Expense.** The components of income tax expense (benefit) were as follows:

Year Ended December 31, (in millions)	2023	2022	2021
<b>Income Taxes</b>			
Current			
Federal	\$ —	\$ 0.4	\$ (0.1)
State	5.3	7.3	6.0
Total Current	5.3	7.7	5.9
Deferred			
Federal			
Taxes before operating loss carryforwards and investment credits	49.7	87.9	35.7
Tax utilization expense of operating loss carryforwards	65.1	93.1	63.5
Investment tax credits	(2.1)	—	—
State	22.5	(23.0)	13.8
Total Deferred	135.2	158.0	113.0
Deferred Investment Credits	(1.0)	(1.1)	(1.1)
<b>Income Taxes</b>	\$ 139.5	\$ 164.6	\$ 117.8

In connection with the NIPSCO Minority Interest Transaction, NiSource recognized a \$63.5 million income tax benefit in additional paid in capital related to 19.9% of NIPSCO's excess deferred income taxes attributable to Blackstone's noncontrolling interest. This benefit does not impact NIPSCO's regulatory books or the excess deferred taxes that will benefit customers through lower future rates in accordance with applicable regulatory orders. See Note 4, "Noncontrolling Interest," for further discussion of the NIPSCO Minority Interest Transaction.

**Statutory Rate Reconciliation.** The following table represents a reconciliation of income tax expense at the statutory federal income tax rate to the actual income tax expense from continuing operations:

Year Ended December 31, (in millions)	2023		2022		2021				
Book income before income taxes	\$	813.9	\$	956.4	\$	706.6			
Tax expense at statutory federal income tax rate		170.8	21.0 %	200.8	21.0 %	148.3	21.0 %		
Increases (reductions) in taxes resulting from:									
State income taxes, net of federal income tax benefit		13.7	1.7	4.5	0.5	14.1	2.0		
Amortization of regulatory liabilities		(38.2)	(4.7)	(38.5)	(4.0)	(39.1)	(5.5)		
Fines and penalties		—	—	0.3	—	—	—		
Employee stock ownership plan dividends and other compensation		(1.3)	(0.2)	(1.2)	(0.1)	(1.2)	(0.2)		
Tax accrual adjustments		—	—	0.2	—	(0.1)	—		
Federal tax credits		(4.9)	(0.6)	(2.3)	(0.2)	(2.1)	(0.3)		
Other adjustments		(0.6)	(0.1)	0.8	—	(2.1)	(0.3)		
<b>Income Taxes</b>	<b>\$</b>	<b>139.5</b>	<b>17.1 %</b>	<b>\$</b>	<b>164.6</b>	<b>17.2 %</b>	<b>\$</b>	<b>117.8</b>	<b>16.7 %</b>

The difference in tax expense of \$25.1 million in 2023 versus 2022 was primarily due to lower pre-tax income.

The increase in tax expense of \$46.8 million in 2022 versus 2021 was primarily due to increased pre-tax income, offset by the flow-through of the reduction of the Pennsylvania corporate income tax rate and the state jurisdictional mix tax effected at statutory rates.

**Net Deferred Income Tax Liability Components.** Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of our net deferred tax liabilities were as follows:

At December 31, (in millions)	2023		2022	
<b>Deferred tax liabilities</b>				
Accelerated depreciation and other property differences	\$	1,384.8	\$	2,473.6
Partnership basis differences		1,241.9		54.3
Other regulatory assets		212.1		348.4
<b>Total Deferred Tax Liabilities</b>		<b>2,838.8</b>		<b>2,876.3</b>
<b>Deferred tax assets</b>				
Other regulatory liabilities and deferred investment tax credits (including TCJA)		182.2		294.3
Pension and other postretirement/postemployment benefits		58.6		124.7
Loss and credit carryforwards		422.9		491.0
Environmental liabilities		10.1		20.7
Other accrued liabilities		40.3		55.9
Other, net		50.7		43.0
<b>Total Deferred Tax Assets</b>		<b>764.8</b>		<b>1,029.6</b>
Valuation Allowance		(6.4)		(7.8)
<b>Net Deferred Tax Assets</b>		<b>758.4</b>		<b>1,021.8</b>
<b>Net Deferred Tax Liabilities</b>	<b>\$</b>	<b>2,080.4</b>	<b>\$</b>	<b>1,854.5</b>

In connection with closing the NIPSCO Minority Interest Transaction, NIPSCO's deferred taxes were removed from its GAAP books and were reconstituted as deferred taxes on the outside basis difference of NiSource's investment in NIPSCO Holdings II. These deferred taxes are reflected as partnership basis differences above.

NiSource has the following deductible loss and credit carryforwards:

At December 31, 2023 (in millions)	Deductible Amount	Deferred Tax Asset	Valuation Allowance	Expiration Period
Federal losses	\$ 1,642.4	\$ 344.9	\$ —	2037
Federal investment tax credits	—	2.1	—	2043
Federal production tax credits	—	0.8	—	2040-2043
Federal other credit	—	15.7	—	2029-2043
State losses, net of federal benefit	2,371.7	95.1	(6.4)	2031-2037
Total		\$ 458.6	\$ (6.4)	

We believe it is not more likely than not that a portion of the benefit from certain state net operating loss carryforwards will be realized. We have recorded a valuation allowance of \$6.4 million (net of federal benefit) on the deferred tax assets related to sale of Massachusetts Business assets reflected in the state net operating loss carryforward presented above.

**Unrecognized Tax Benefits.** A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

At December 31, 2023, (in millions)	2023	2022	2021
<b>Opening Balance</b>	\$ 21.7	\$ 21.7	\$ 21.7
Gross decreases - tax positions in prior period	—	—	—
Gross increases - current period tax positions	—	—	—
<b>Ending Balance</b>	\$ 21.7	\$ 21.7	\$ 21.7
Offset for net operating loss carryforwards	(21.7)	(21.7)	(21.7)
<b>Balance, Less Net Operating Loss Carryforwards</b>	\$ —	\$ —	\$ —

We are subject to income taxation in the United States and various state jurisdictions, primarily Indiana, Pennsylvania, Kentucky, Massachusetts, Maryland and Virginia.

We participate in the IRS CAP, which provides the opportunity to resolve tax matters with the IRS before filing each year's consolidated federal income tax return. As of December 31, 2023, tax years through 2021 have been audited and are closed to further assessment. The Company has transitioned to the Bridge Phase of the IRS CAP for the year ended December 31, 2022 and participated in the Bridge Plus pilot program. Although NiSource has not received a final acceptance letter from the IRS for its 2022 return, no adjustments are expected, and the year is effectively closed to further assessment.

The statute of limitations in each of the state jurisdictions in which we operate remains open between 3-4 years from the date the state income tax returns are filed. As of December 31, 2023, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is obligated to report adjustments resulting from IRS audits or settlements to state taxing authorities. In addition, if NiSource utilizes net operating losses or tax credits generated in years for which the statute of limitations has expired, such amounts are generally subject to examination.

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 gas transmission and distribution property must be capitalized as improvements or are allowable as deductions. The Company is planning to elect this change in tax accounting method with its 2023 consolidated tax return filing in the upcoming year and continues to analyze and quantify the provisions of the safe harbor method of accounting.

**16. 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. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

**Our Pension and Other Postretirement Benefit Plans' Asset Management.** The Board has delegated oversight of the pension and other postretirement benefit plans' assets to the NiSource Benefits Committee ("the Committee"). The Committee has adopted investment policy statements for the pension and other postretirement benefit plans' assets. For the pension plans, we employ a liability-driven investing strategy. A total return approach is utilized for the other postretirement benefit plans' assets. A mix of diversified investments are used to maximize the long-term return of plan assets and hedge the liabilities at a prudent level of risk. The investment portfolio includes U.S. and non-U.S. equities, real estate, long-term and intermediate-term fixed income and alternative investments. Risk tolerance is established through careful consideration of plan liabilities, funded status, and asset class volatility. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

In determining the expected long-term rate of return on plan assets, historical markets are studied, relationships between equities and fixed income are analyzed and current market factors, such as inflation and interest rates are evaluated with consideration of diversification and rebalancing. Our expected long-term rate of return on assets is based on assumptions regarding target asset allocations and corresponding long-term capital market assumptions for each asset class. The pension plans' investment policy calls for a gradual reduction in the allocation of return-seeking assets (equities, real estate and private equity) and a corresponding increase in the allocation of liability-hedging assets (fixed income) as the funded status of the plans' increase.

As of December 31, 2023 and December 31, 2022, the acceptable minimum and maximum ranges established by the policy for the pension and other postretirement benefit plans are as follows:

December 31, 2023 Asset Category	Defined Benefit Pension Plan		Postretirement Benefit Plan	
	Minimum	Maximum	Minimum	Maximum
Domestic Equities	10%	30%	0%	55%
International Equities	5%	15%	0%	25%
Fixed Income	65%	75%	20%	100%
Real Estate	0%	0%	0%	0%
Private Equity	0%	3%	0%	0%
Short-Term Investments	0%	10%	0%	10%

December 31, 2022 Asset Category	Defined Benefit Pension Plan		Postretirement Benefit Plan	
	Minimum	Maximum	Minimum	Maximum
Domestic Equities	7%	27%	0%	55%
International Equities	3%	13%	0%	25%
Fixed Income	69%	81%	20%	100%
Real Estate	0%	3%	0%	0%
Private Equity	0%	3%	0%	0%
Short-Term Investments	0%	10%	0%	10%

The actual Pension Plan and Postretirement Plan Asset Mix at December 31, 2023 and December 31, 2022 are as follows:

Asset Class (in millions)	Defined Benefit Pension Assets <sup>(1)</sup>		December 31, 2023		Postretirement Benefit Plan Assets		December 31, 2023	
	Asset Value	% of Total Assets	Asset Value	% of Total Assets	Asset Value	% of Total Assets	Asset Value	% of Total Assets
Domestic Equities	\$ 261.7	18.3 %	\$ 93.7	39.6 %				
International Equities	141.9	9.9 %	40.7	17.2 %				
Fixed Income	939.9	65.9 %	97.0	41.0 %				
Real Estate	4.0	0.3 %	—	—				
Cash/Other	79.3	5.6 %	5.1	2.2 %				
<b>Total</b>	<b>\$ 1,426.8</b>	<b>100.0 %</b>	<b>\$ 236.5</b>	<b>100.0 %</b>				

Asset Class (in millions)	Defined Benefit Pension Assets <sup>(1)</sup>		December 31, 2022		Postretirement Benefit Plan Assets		December 31, 2022	
	Asset Value	% of Total Assets	Asset Value	% of Total Assets	Asset Value	% of Total Assets	Asset Value	% of Total Assets
Domestic Equities	\$ 231.1	16.2 %	\$ 86.9	38.6 %				
International Equities	119.0	8.4 %	36.6	16.3 %				
Fixed Income	1,004.3	70.6 %	94.7	42.1 %				
Real Estate	5.0	0.3 %	—	—				
Cash/Other	63.4	4.5 %	6.7	3.0 %				
<b>Total</b>	<b>\$ 1,422.8</b>	<b>100.0 %</b>	<b>\$ 224.9</b>	<b>100.0 %</b>				

<sup>(1)</sup>Total includes accrued dividends and pending trades with brokers.

The categorization of investments into the asset classes in the tables above are based on definitions established by the Committee.

**Fair Value Measurements.** The following table sets forth, by level within the fair value hierarchy, the pension and other postretirement benefits investment assets at fair value as of December 31, 2023 and 2022. Assets are classified in their entirety based on the observability of inputs used in determining the fair value measurement. There were no investment assets in the pension and other postretirement benefits trusts classified within Level 3 for the years ended December 31, 2023 and 2022.

We use the following valuation techniques to determine fair value. For the year ended December 31, 2023, there were no significant changes to valuation techniques to determine the fair value of our pension and other postretirement benefits' assets.

#### Level 1 Measurements

Most common and preferred stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost, which approximates fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Short-term bills and notes are priced based on quoted market values.

#### Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

*Level 3 Measurements*

Investments with unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities are classified as level 3 investments.

*Not Classified*

Commingled funds, private equity limited partnerships and real estate partnerships are not classified within the fair value hierarchy. Instead, these assets are measured at estimated fair value using the net asset value per share of the investments. Commingled funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. Private equity funds invest capital in non-public companies and real estate funds invest in commercial and distressed real estate directly or through related debt instruments. The fair value of these investments is determined by reference to the funds' underlying assets.

**NI SOURCE INC.**
**Notes to Consolidated Financial Statements**
**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

## Fair Value Measurements at December 31, 2023:

<i>(in millions)</i>	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Pension plan assets:</b>				
Cash	\$ 2.2	\$ 2.0	\$ 0.2	\$ —
Equity securities				
International equities	1.1	1.1	—	—
Fixed income securities				
Government	213.1	—	213.1	—
Corporate	482.2	—	482.2	—
Mortgages/ Asset Backed Securities	2.4	—	2.4	—
Mutual Funds				
U.S. multi-strategy	113.1	113.1	—	—
International equities	38.5	38.5	—	—
Private equity limited partnerships <sup>(1)</sup>				
U.S. multi-strategy <sup>(2)</sup>	4.8	—	—	—
International multi-strategy <sup>(3)</sup>	1.2	—	—	—
Distressed opportunities	0.1	—	—	—
Real estate <sup>(1)</sup>	4.0	—	—	—
Commingled funds <sup>(1)</sup>				
Short-term money markets	65.3	—	—	—
U.S. equities	148.5	—	—	—
International equities	102.3	—	—	—
Fixed income	242.2	—	—	—
<b>Pension plan assets subtotal</b>	<b>\$ 1,421.0</b>	<b>\$ 154.7</b>	<b>\$ 697.9</b>	<b>\$ —</b>
<b>Other postretirement benefit plan assets:</b>				
Mutual funds				
U.S. multi-strategy	82.4	82.4	—	—
International equities	18.0	18.0	—	—
Fixed income	97.0	97.0	—	—
Commingled funds <sup>(1)</sup>				
Short-term money markets	5.2	—	—	—
U.S. equities	11.4	—	—	—
International equities	22.8	—	—	—
<b>Other postretirement benefit plan assets subtotal</b>	<b>\$ 236.8</b>	<b>\$ 197.4</b>	<b>\$ —</b>	<b>\$ —</b>
Due to brokers, net <sup>(4)</sup>	(2.7)	—	(2.7)	—
Accrued income/dividends	8.5	8.5	—	—
<b>Total pension and other postretirement benefit plan assets</b>	<b>\$ 1,663.6</b>	<b>\$ 360.6</b>	<b>\$ 695.2</b>	<b>\$ —</b>

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

<sup>(3)</sup>This class includes limited partnerships that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2023:

<i>(in millions)</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Commingled Funds</b>				
Short-term money markets	\$ 70.5	\$ —	Daily	1 day
U.S. equities	159.9	—	Daily	1 day - 5 days
International equities	125.1	—	Monthly	10 days-30 days
Fixed income	242.2	—	Daily	3 days
Private Equity and Real Estate Limited Partnerships <sup>(1)</sup>	10.1	11.6	N/A	N/A
<b>Total</b>	<b>\$ 607.8</b>	<b>\$ 11.6</b>		

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

**NI SOURCE INC.**
**Notes to Consolidated Financial Statements**
**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

Fair Value Measurements at December 31, 2022:

<i>(in millions)</i>	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Pension plan assets:</b>				
Cash	\$ 2.5	\$ 2.0	\$ 0.5	\$ —
Equity securities				
International equities	0.5	0.5	—	—
Fixed income securities				
Government	316.3	—	316.3	—
Corporate	407.8	—	407.8	—
Mortgages/Asset backed securities	2.3	—	2.3	—
Other fixed income	1.9	1.9	—	—
Mutual Funds				
U.S. multi-strategy	97.4	97.4	—	—
International equities	29.0	29.0	—	—
Fixed income	0.2	0.2	—	—
Private equity limited partnerships <sup>(1)</sup>				
U.S. multi-strategy <sup>(2)</sup>	6.3	—	—	—
International multi-strategy <sup>(3)</sup>	2.3	—	—	—
Distressed opportunities	0.1	—	—	—
Real estate <sup>(1)</sup>	5.0	—	—	—
Commingled funds <sup>(1)</sup>				
Short-term money markets	46.2	—	—	—
U.S. equities	133.7	—	—	—
International equities	89.6	—	—	—
Fixed income	275.9	—	—	—
<b>Pension plan assets subtotal</b>	<b>\$ 1,417.0</b>	<b>\$ 131.0</b>	<b>\$ 726.9</b>	<b>\$ —</b>
<b>Other postretirement benefit plan assets:</b>				
Mutual funds				
U.S. multi-strategy	76.2	76.2	—	—
International equities	16.3	16.3	—	—
Fixed income	94.7	94.7	—	—
Commingled funds <sup>(1)</sup>				
Short-term money markets	17.4	—	—	—
U.S. equities	10.7	—	—	—
International equities	20.3	—	—	—
<b>Other postretirement benefit plan assets subtotal</b>	<b>\$ 235.6</b>	<b>\$ 187.2</b>	<b>\$ —</b>	<b>\$ —</b>
Due to brokers, net <sup>(4)</sup>	(2.0)	—	(2.0)	—
Receivables/payables	(10.7)	—	(10.7)	—
Accrued income/dividends	7.8	7.8	—	—
<b>Total pension and other postretirement benefit plan assets</b>	<b>\$ 1,647.7</b>	<b>\$ 326.0</b>	<b>\$ 714.2</b>	<b>\$ —</b>

<sup>(1)</sup>This class of investments is measured at fair value using the net asset value per share and has not been classified in the fair value hierarchy.

<sup>(2)</sup>This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily inside the United States.

## Notes to Consolidated Financial Statements

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

<sup>(3)</sup>This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, growth capital, special situations and secondary markets, primarily outside the United States.

<sup>(4)</sup>This class represents pending trades with brokers.

The table below sets forth a summary of unfunded commitments, redemption frequency and redemption notice periods for certain investments that are measured at fair value using the net asset value per share for the year ended December 31, 2022:

<i>(in millions)</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Commingled Funds</b>				
Short-term money markets	\$ 63.6	\$ —	Daily	1 day
U.S. equities	144.4	—	Daily	1 day -5 days
International equities	109.9	—	Monthly	10 days - 30 days
Fixed income	275.9	—	Daily	3 days
Private Equity and Real Estate Limited Partnerships <sup>(1)</sup>	13.7	11.6	N/A	N/A
<b>Total</b>	<b>\$ 607.5</b>	<b>\$ 11.6</b>		

<sup>(1)</sup>Private equity and real estate limited partnerships typically call capital over a 3-5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 0-15 years, and these investments typically cannot be redeemed prior to liquidation.

**Our Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure.** The following table provides a reconciliation of the plans' funded status and amounts reflected in our Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

(in millions)	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
<b>Change in projected benefit obligation<sup>(1)</sup></b>				
Benefit obligation at beginning of year	\$ 1,427.4	\$ 1,852.4	\$ 449.0	\$ 556.2
Service cost	20.5	27.8	5.1	6.5
Interest cost	68.4	40.5	21.8	12.0
Plan participants' contributions	—	—	4.2	4.1
Plan amendments	—	0.2	3.4	2.1
Actuarial loss (gain) <sup>(2)</sup>	27.4	(318.7)	29.1	(89.9)
Benefits paid	(141.9)	(174.8)	(44.3)	(42.3)
Estimated benefits paid by incurred subsidy	—	—	0.5	0.3
<b>Projected benefit obligation at end of year</b>	<b>\$ 1,401.8</b>	<b>\$ 1,427.4</b>	<b>\$ 468.8</b>	<b>\$ 449.0</b>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	\$ 1,422.8	\$ 1,981.7	\$ 224.9	\$ 293.7
Actual return on plan assets	142.8	(386.8)	28.2	(51.9)
Employer contributions	3.1	2.7	23.4	21.3
Plan participants' contributions	—	—	4.3	4.1
Benefits paid	(141.9)	(174.8)	(44.3)	(42.3)
<b>Fair value of plan assets at end of year</b>	<b>\$ 1,426.8</b>	<b>\$ 1,422.8</b>	<b>\$ 236.5</b>	<b>\$ 224.9</b>
<b>Funded Status at end of year</b>	<b>\$ 25.0</b>	<b>\$ (4.6)</b>	<b>\$ (232.3)</b>	<b>\$ (224.1)</b>
<b>Amounts recognized in the statement of financial position consist of:</b>				
Noncurrent assets	44.1	18.3	—	—
Current liabilities	(2.2)	(2.6)	(1.0)	(1.0)
Noncurrent liabilities	(16.9)	(20.3)	(231.3)	(223.1)
<b>Net amount recognized at end of year<sup>(3)</sup></b>	<b>\$ 25.0</b>	<b>\$ (4.6)</b>	<b>\$ (232.3)</b>	<b>\$ (224.1)</b>
<b>Amounts recognized in accumulated other comprehensive income or regulatory asset/liability<sup>(4)</sup></b>				
Unrecognized prior service credit	\$ 0.3	\$ 0.4	\$ 2.1	\$ (3.4)
Unrecognized actuarial loss	500.4	564.2	76.6	64.0
<b>Net amount recognized at end of year</b>	<b>\$ 500.7</b>	<b>\$ 564.6</b>	<b>\$ 78.7</b>	<b>\$ 60.6</b>

<sup>(1)</sup>The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in accumulated postretirement benefit obligation.

<sup>(2)</sup>The pension actuarial loss (gain) was primarily driven by the decrease in discount rates, interest rate movements. The postretirement benefit actuarial loss (gain) was also primarily driven by a decrease in discount rates and claims experience changes in trend rates.

<sup>(3)</sup>We recognize our Consolidated Balance Sheets underfunded and overfunded status of our various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

<sup>(4)</sup>We determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of \$561.6 million and zero, respectively, as of December 31, 2023, and \$607.5 million and zero, respectively, as of December 31, 2022 that would otherwise have been recorded to accumulated other comprehensive loss.

Our accumulated benefit obligation for our pension plans was \$1,390.9 million and \$1,416.8 million as of December 31, 2023 and 2022, respectively. The accumulated benefit obligation at each date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

We are required to reflect the funded status of our pension and postretirement benefit plans on the Consolidated Balance Sheet. The funded status of the plans is measured as the difference between the plan assets' fair value and the projected benefit obligation. We present the noncurrent aggregate of all underfunded plans within "Accrued liability for postretirement and postemployment benefits." The portion of the amount by which the actuarial present value of benefits included in the projected

benefit obligation exceeds the fair value of plan assets, payable in the next 12 months, is reflected in "Accrued compensation and other benefits." We present the aggregate of all overfunded plans within "Deferred charges and other."

As of December 31, 2023 and 2022, only our nonqualified plans were underfunded. These plans have no assets as they are not funded until benefits are paid. The following table sets forth the year end accumulated benefit obligation and projected benefit obligation for pension plans with a projected benefit obligation in excess of plan assets:

	December 31,	
	2023	2022
Accumulated Benefit Obligation	\$ 19.1	\$ 22.9
Funded Status		
Fair Value of Plan Assets	\$ —	\$ —
Projected Benefit Obligation	19.1	22.9
<b>Funded Status of Underfunded Pension Plans at End of Year</b>	<b>\$ (19.1)</b>	<b>\$ (22.9)</b>

The following table sets forth the year end accumulated benefit obligation, projected benefit obligation and fair value of plan assets for pension plans with plan assets in excess of the projected benefit obligation:

	December 31,	
	2023	2022
Accumulated Benefit Obligation	\$ 1,371.8	\$ 1,393.8
Funded Status		
Fair Value of Plan Assets	\$ 1,426.8	\$ 1,422.8
Projected Benefit Obligation	1,382.7	1,404.5
<b>Funded Status of Overfunded Pension Plans at End of Year</b>	<b>\$ 44.1</b>	<b>\$ 18.3</b>

Our pension plans were overfunded, in aggregate, by \$25.0 million at December 31, 2023 compared to being underfunded by \$4.6 million at December 31, 2022. The improvement in the funded status was primarily due to favorable asset returns offset by a decrease in discount rates. We contributed \$3.1 million and \$2.7 million to our pension plans in 2023 and 2022, respectively.

Our other postretirement benefit plans were underfunded, in aggregate by \$232.3 million and \$224.1 million at December 31, 2023 and 2022, respectively. The decline in funded status was primarily due to increased health care trend rates and discount rates, which was partially offset by actual return on plan assets exceeding expected return. We contributed \$23.4 million and \$21.3 million to our other postretirement benefit plans in 2023 and 2022, respectively.

In 2023 and 2022, our NiSource Pension Restoration and Columbia Energy Group pension plans paid lump sum payouts in excess of the respective plan's service cost plus interest cost, thereby meeting the requirement for settlement accounting. We recorded settlement charges of \$9.2 million and \$12.4 million in 2023 and 2022, respectively. Net periodic pension benefit cost increased by \$5.7 million in December 31, 2022 as the result of the remeasurement. In 2023, no remeasurement occurred related to lump sum payouts.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for our various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
<b>Weighted-average assumptions to Determine Benefit Obligation</b>				
Discount Rate	4.95 %	5.14 %	4.98 %	5.17 %
Rate of Compensation Increases	4.00 %	4.00 %	N/A	N/A
Interest Crediting Rates	4.00 %	4.00 %	N/A	N/A
Health Care Trend Rates				
Trend for Next Year	N/A	N/A	8.84 %	6.69 %
Ultimate Trend	N/A	N/A	4.75 %	4.75 %
Year Ultimate Trend Reached	N/A	N/A	2032	2032

We expect to make contributions of approximately \$2.2 million to our pension plans and approximately \$23.1 million to our postretirement medical and life plans in 2024.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure our benefit obligation at the end of the year and include benefits attributable to the estimated future service of employees:

<i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits		Federal Subsidy Receipts	
Year(s)	\$		\$		\$	
2024	\$	144.8	\$	38.1	\$	0.2
2025		141.8		38.1		0.2
2026		135.0		37.5		0.2
2027		129.4		37.4		0.2
2028		125.1		37.0		0.2
2028-2032		548.0		176.0		0.9

The following table provides the components of the plans' actuarially determined net periodic benefits cost for each of the three years ended December 31, 2023, 2022 and 2021:

<i>(in millions)</i>	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
<b>Components of Net Periodic Benefit (Income) Cost<sup>(1)</sup></b>						
Service cost	\$ 20.5	\$ 27.8	\$ 30.2	\$ 5.1	\$ 6.5	\$ 6.2
Interest cost	68.4	40.5	31.4	21.8	12.0	9.9
Expected return on assets	(94.5)	(90.8)	(101.6)	(15.1)	(16.2)	(15.3)
Amortization of prior service cost (credit)	0.1	0.1	0.1	(2.1)	(2.2)	(2.2)
Recognized actuarial loss	33.7	20.3	21.7	3.3	2.6	4.6
Settlement loss	9.2	12.4	11.4	—	—	—
<b>Total Net Periodic Benefits (Income) Cost</b>	<b>\$ 37.4</b>	<b>\$ 10.3</b>	<b>\$ (6.8)</b>	<b>\$ 13.0</b>	<b>\$ 2.7</b>	<b>\$ 3.2</b>

<sup>(1)</sup>Service cost is presented in "Operation and maintenance" on the Statements of Consolidated Income. Non-service cost components are presented within "Other, net."

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for our various plans:

	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
<b>Weighted-average Assumptions to Determine Net Periodic Benefit Cost</b>						
Discount rate - service cost	5.25 %	3.08 %	2.81 %	5.30 %	3.21 %	3.00 %
Discount rate - interest cost	5.06 %	2.11 %	1.57 %	5.07 %	2.24 %	1.73 %
Expected Long-Term Rate of Return on Plan Assets	7.00 %	4.80 %	5.20 %	6.96 %	5.72 %	5.50 %
Rate of Compensation Increases	4.00 %	4.00 %	4.00 %	N/A	N/A	N/A
Interest Crediting Rates	4.00 %	4.00 %	4.00 %	N/A	N/A	N/A

We assumed a 7.00% and 6.96% rate of return on pension and other postretirement plan assets, respectively, for our calculation of 2023 pension benefits and other postretirement benefits costs. These rates were primarily based on asset mix and historical rates of return and were adjusted in 2023 due to changes in asset allocation and projected market returns.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

<i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
<b>Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>				
Net prior service cost	\$ —	\$ 0.2	\$ 3.3	\$ 2.1
Net actuarial (gain) loss	(20.9)	158.9	16.0	(21.8)
Settlements/curtailments	(9.2)	(12.4)	—	—
Less: amortization of prior service cost	(0.1)	(0.1)	2.1	2.2
Less: amortization of net actuarial loss	(33.7)	(20.3)	(3.3)	(2.6)
<b>Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability</b>	\$ (63.9)	\$ 126.3	\$ 18.1	\$ (20.1)
<b>Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability</b>	\$ (26.5)	\$ 136.6	\$ 31.1	\$ (17.4)

## 17. Share-Based Compensation

Prior to May 19, 2020, we issued share-based compensation to employees and non-employee directors under the NiSource Inc. 2010 Omnibus Plan ("2010 Omnibus Plan"), which was most recently approved by stockholders at the Annual Meeting of Stockholders held on May 12, 2015. The 2010 Omnibus Plan provided for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and superseded the Director Stock Incentive Plan ("Director Plan") with respect to grants made after the effective date of the 2010 Omnibus Plan.

The stockholders approved and adopted the NiSource Inc. 2020 Omnibus Incentive Plan ("2020 Omnibus Plan") at the Annual Meeting of Stockholders held on May 19, 2020. The 2020 Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the 2010 Omnibus Plan with respect to grants made after the effective date of the 2020 Omnibus Plan.

The 2020 Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 10,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under the

2020 Omnibus Plan, the 2010 Omnibus Plan or any other equity plan under which awards were outstanding as of May 19, 2020. At December 31, 2023, there were 8,023,671 shares available for future awards under the 2020 Omnibus Plan.

We recognized stock-based employee compensation expense of \$23.9 million, \$19.0 million and \$16.7 million, during 2023, 2022 and 2021, respectively, as well as related tax benefits of \$7.7 million, \$3.6 million and \$4.0 million, respectively. We recognized related excess tax benefit from the distribution of vested share-based employee compensation of \$2.9 million in 2023 and \$0.4 million respectively, in 2022 and 2021.

As of December 31, 2023, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$20.8 million, which will be amortized over the weighted-average remaining requisite service period of 1.6 years.

**Restricted Stock Units and Restricted Stock.** We granted 500,968, 477,292, and 285,755 restricted stock units and shares of restricted stock to employees, subject to service conditions in 2023, 2022, and 2021, respectively. The total grant date fair value of the restricted stock units and shares of restricted stock during 2023, 2022, and 2021, respectively, was \$13.7 million, \$12.5 million, and \$5.7 million. The grant date fair value for the 2023 awards is based on the average market price of our common stock at the date of each grant. For the years ended 2022 and 2021, the grant date fair value is based on the average market price of our common stock at the date of each grant less the present value of any dividends not received during the vesting period. The awards are expensed over the vesting period which is generally three years. As of December 31, 2023, 464,725, 385,062, and 158,797 non-vested restricted stock units and shares of restricted stock granted in 2023, 2022, and 2021, respectively, were outstanding. Our non-vested restricted stock units have a non-forfeitable right to dividend equivalents, with immaterial amounts paid in the periods ending December 31, 2023 and 2022. See Note 5, "Earnings Per Share," for further discussion.

If an employee terminates employment before the service conditions lapse under the 2021, 2022 or 2023 awards due to (1) retirement or disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock based upon the percentage of the service period satisfied between the grant date and the date of the termination of employment. In the event of a change in control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded will immediately vest upon termination of employment occurring in connection with a change in control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

A summary of our restricted stock unit award transactions for the year ended December 31, 2023 is as follows:

<i>(shares)</i>	Restricted Stock Units	Weighted Average Award Date Fair Value Per Unit (\$)
Non-vested at December 31, 2022	798,515	24.48
Granted	500,968	27.38
Forfeited	(54,171)	25.32
Vested	(178,396)	24.87
<b>Non-vested at December 31, 2023</b>	<b>1,066,916</b>	<b>25.71</b>

**Employee Performance Shares.** We granted 649,088 performance shares subject to service, performance and/or market-based vesting conditions in 2023. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, achievement of relative total shareholder return, and other operational metrics, which make up 50%, 25%, and 25% of the issued awards respectively.

The financial measure is cumulative net operating earnings per share ("NOEPS"), which we define as income from continuing operations adjusted for certain items. Relative total shareholder return, a market-based vesting condition, which we define as the annualized growth in dividends and share price of a share of our common stock (calculated using a 20 trading day average of our closing price over the performance period, approximately) compared to the total shareholder return of a predetermined peer group of companies. A relative shareholder return result within the first quartile will result in an increase in the NOEPS shares of 25%, while a relative shareholder return result within the fourth quartile will result in a decrease of 25%. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the NOEPS shares is based on the closing stock price of our common stock at the date of each grant, which will be

expensed over the requisite service period of three years. The conditions for the remaining performance-based awards are based on operational goals of economic inclusion (5%), OPEX Index (10%), Employee Engagement Index Score (5%), and Environmental GHG Reduction (5%). The OPEX Index is further defined by goals related to risk mitigation and modernization of our infrastructure. See table below for further details on these awards.

In 2022, we granted 566,086 performance shares subject to service, performance and/or market-based vesting conditions. The performance conditions for these shares are based on the achievement of one non-GAAP financial measure, and/or achievement of relative total shareholder return, outlined above. The number of shares that are eligible to vest based on these performance conditions are adjusted based on performance of the magnifier framework for 2022 awards, outlined above. The operational magnifier framework for 2022 performance shares consists of three areas of focus, including safety, environment, and DE&I, representing 20%, 10% and 10%, respectively.

We granted 973,885 performance shares subject to service, performance and/or market-based vesting conditions in 2021. With respect to 390,041 performance shares granted, the performance conditions are based on the achievement of relative total shareholder return. The number of shares that are eligible to vest based on the Company's relative total shareholder return performance will be adjusted based on a performance magnifier related to safety. A Monte Carlo analysis was used to value the portion of these awards dependent on the market-based vesting condition. The grant date fair value of the NOEPS shares is based on the closing stock price of our common stock at the date of each grant, which will be expensed over the requisite service period of three years. See table below for further details on these awards.

With respect to the remaining 582,944 performance shares granted in 2021, the performance conditions are based on the achievement of one non-GAAP financial measure, and/or achievement of relative total shareholder return. The number of shares that are eligible to vest based on these performance conditions will be adjusted based on performance of the magnifier framework for 2021 awards. The operational magnifier framework for 2021 performance shares consists of three areas of focus including safety, environment, and DE&I, representing 20%, 10% and 10%, respectively.

The following table presents details of the performance awards described above.

Award Year	Service Conditions Lapse date	Performance Period	Award Conditions	Shares outstanding at 12/31/2023 (shares)	Grant Date Fair Value (in millions)
2023	2/28/2026	01/01/2023-12/31/2025	Non-GAAP Financial and Operational Measures	488,515	\$ 13.3
			Relative Total Shareholder Return	162,815	\$ 5.4
2022	2/28/2025	01/01/2022-12/31/2024	Non-GAAP Financial Measure	235,120	\$ 7.4
			Relative Total Shareholder Return	235,120	\$ 10.6
2021	2/28/2024	01/01/2021-12/31/2023	Non-GAAP Financial Measure	186,427	\$ 6.5
			Relative Total Shareholder Return	186,427	\$ 6.7
	2/28/2024	01/01/2021-12/31/2023	Relative Total Shareholder Return	87,268	\$ 3.2

A summary of our performance award transactions for the year ended December 31, 2023 is as follows:

<i>(shares)</i>	Performance Awards	Weighted Average Grant Date Fair Value Per Unit (\$)
Non-vested at December 31, 2022	1,505,740	26.10
Granted	649,088	28.87
Forfeited	(53,786)	28.29
Vested	(542,533)	22.21
<b>Non-vested at December 31, 2023</b>	<b>1,558,509</b>	<b>28.01</b>

**Non-employee Director Awards.** As of May 19, 2020, awards to non-employee directors may be made only under the 2020 Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's annual award of restricted stock units vest on the first anniversary of the grant date subject to special pro-rata vesting rules in the event of retirement or disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's deferral election. Certain restricted stock units remain outstanding from the 2010 Omnibus Plan and the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board.

As of December 31, 2023, 272,609 restricted stock units are outstanding to non-employee directors under either the 2020 Omnibus Plan, the 2010 Omnibus Plan or the Director Plan. Of this amount, 67,611 restricted stock units are unvested and expected to vest.

**401(k) Match, Profit Sharing and Company Contribution.** Eligible salaried employees hired after January 1, 2010 and hourly and union employees hired after January 1, 2013 receive a non-elective company contribution of 4.5% of eligible pay payable in cash or shares of NiSource common stock. We also have a voluntary 401(k) savings plan covering eligible union and nonunion employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in cash or shares. Further, we have a retirement savings plan that provides for discretionary profit sharing contributions to eligible employees. For the years ended December 31, 2023, 2022 and 2021, we recognized 401(k) match, profit sharing and non-elective contribution expense of \$50.7 million, \$39.1 million and \$39.1 million, respectively.

## 18. Leases

**Lease Descriptions.** We are the lessee for substantially all of our leasing activity, which includes operating and finance leases for corporate and field offices, railcars, land, and fleet vehicles. Our corporate and field office leases and certain land leases have remaining terms between 1 and 38 years with options to renew the leases for up to 35 years. We lease railcars to transport coal to and from our electric generation facilities in Indiana. Our railcars are specifically identified in the lease agreements which have remaining lease terms between 1 and 4 years with options to renew for 1 year. Our fleet vehicles include trucks, trailers and equipment that have been customized specifically for use in the utility industry. We lease fleet vehicles for 1 year terms, after which we have the option to extend on a month-to-month basis or terminate with written notice. We elected the short-term lease practical expedient, allowing us to not recognize ROU assets or lease liabilities for all leases with a term of 12 months or less. ROU assets and liabilities on our Consolidated Balance Sheets do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so.

We have not provided material residual value guarantees for our leases, nor do our leases contain material restrictions or covenants. Lease contracts containing renewal and termination options are mostly exercisable at our sole discretion. Certain of our real estate and railcar leases include renewal periods in the measurement of the lease obligation if we have deemed the renewals reasonably certain to be exercised.

With respect to service contracts involving the use of assets, if we have the right to direct the use of the asset and obtain substantially all economic benefits from the use of an asset, we account for the service contract as a lease. Unless specifically provided to us by the lessor, we utilize NiSource's collateralized incremental borrowing rate commensurate to the lease term as the discount rate for all of our leases. ASC 842 permits a lessee, by class of underlying asset, not to separate nonlease

components from lease components. Our policy is to apply this expedient for our leases of fleet vehicles, IT assets and railcars when calculating their respective lease liabilities.

Lease costs for the years ended December 31, 2023 and December 31, 2022 are presented in the table below. These costs include both amounts recognized in expense and amounts capitalized as part of the cost of another asset. Income statement presentation for these costs (when ultimately recognized on the income statement) is also included:

Year Ended December 31, <i>(in millions)</i>	Income Statement Classification	2023	2022
<b>Finance lease cost</b>			
Amortization of right-of-use assets	Depreciation and amortization	\$ 32.0	\$ 31.9
Interest on lease liabilities	Interest expense, net	8.6	8.5
Total finance lease cost		40.6	40.4
Operating lease cost	Operation and maintenance	11.3	10.4
Total lease cost		\$ 51.9	\$ 50.8

Our right-of-use assets and liabilities are presented in the following lines on the Consolidated Balance Sheets:

At December 31, <i>(in millions)</i>	Balance Sheet Classification	2023	2022
<b>Assets</b>			
Finance leases	Net Property, Plant and Equipment	\$ 184.3	\$ 153.4
Operating leases	Deferred charges and other	32.9	35.7
Total leased assets		\$ 217.2	189.1
<b>Liabilities</b>			
<b>Current</b>			
Finance leases	Current portion of long-term debt	\$ 23.8	30.0
Operating leases	Other accruals	8.3	4.8
<b>Noncurrent</b>			
Finance leases	Long-term debt, excluding amounts due within one year	181.6	144.7
Operating leases	Other noncurrent liabilities	25.8	31.9
Total lease liabilities		\$ 239.5	\$ 211.4

Other pertinent information related to leases was as follows:

Year Ended December 31, <i>(in millions)</i>	2023	2022
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows used for finance leases	\$ 9.3	\$ 8.6
Operating cash flows used for operating leases	11.1	10.3
Financing cash flows used for finance leases	33.1	30.3
<b>Right-of-use assets obtained in exchange for lease obligations</b>		
Finance leases	64.5	19.3
Operating leases	\$ 5.6	\$ 8.8

	December 31, 2023	December 31, 2022
<b>Weighted-average remaining lease term (years)</b>		
Finance leases	16.4	9.9
Operating leases	6.7	7.7
<b>Weighted-average discount rate</b>		
Finance leases	5.5 %	5.1 %
Operating leases	4.3 %	4.0 %

Maturities of our lease liabilities as of December 31, 2023 were as follows:

As of December 31, 2023, (in millions)	Total	Finance Leases	Operating Leases
2024	\$ 44.4	\$ 34.8	9.6
2025	36.6	30.7	5.9
2026	31.1	25.7	5.4
2027	25.2	20.6	4.6
2028	22.5	19.3	3.2
Thereafter	201.7	190.7	11.0
Total lease payments	361.5	321.8	39.7
Less: Imputed interest	(122.0)	(116.4)	(5.6)
Total	\$ 239.5	\$ 205.4	34.1
Reported as of December 31, 2023			
Short-term lease liabilities	32.1	23.8	8.3
Long-term lease liabilities	207.4	181.6	25.8
Total lease liabilities	\$ 239.5	\$ 205.4	34.1

**19. Other Commitments and Contingencies**

**A. Contractual Obligations.** We have certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and obligations for various services including pipeline capacity and outsourcing of IT services. The total contractual obligations in existence at December 31, 2023 and their maturities were:

<i>(in millions)</i>	Total	2024	2025	2026	2027	2028	After
Long-term debt <sup>(1)</sup>	\$ 10,955.0	\$ —	\$ 1,260.0	\$ —	\$ 1,090.0	\$ 1,055.0	\$ 7,550.0
Interest payments on long-term debt	6,017.8	431.1	431.1	418.5	399.1	349.0	3,989.0
Finance leases <sup>(2)</sup>	321.8	34.8	30.7	25.7	20.6	19.3	190.7
Operating leases <sup>(3)</sup>	39.7	9.6	5.9	5.4	4.6	3.2	11.0
Energy commodity contracts	153.9	114.7	39.2	—	—	—	—
Service obligations:							
Pipeline service obligations	2,196.6	652.0	485.7	406.3	388.7	162.3	101.6
IT service obligations	161.8	83.6	57.2	16.7	4.3	—	—
Other liabilities <sup>(4)</sup>	98.3	62.8	5.8	5.2	5.2	5.2	14.1
Total contractual obligations	\$ 19,944.9	\$ 1,388.6	\$ 2,315.6	\$ 877.8	\$ 1,912.5	\$ 1,594.0	\$ 11,856.4

<sup>(1)</sup> Long-term debt balance excludes unamortized issuance costs and discounts of \$81.1 million.

<sup>(2)</sup> Finance lease payments shown above are inclusive of interest totaling \$116.4 million.

<sup>(3)</sup> Operating lease payments shown above are inclusive of interest totaling \$5.6 million. Operating lease balances do not include obligations for possible fleet vehicle lease renewals beyond the initial lease term. While we have the ability to renew these leases beyond the initial term, we are not reasonably certain to do so as they are renewed month-to-month after the first year.

<sup>(4)</sup> Other liabilities shown above are primarily related to the Indiana Crossroads Solar and Dunns Bridge I Developer payments due in 2024 and ongoing maintenance service agreements for our renewable joint ventures.

**Purchase and Service Obligations.** We have entered into various purchase and service agreements whereby we are contractually obligated to make certain minimum payments in future periods. Our purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. Our service agreements encompass a broad range of business support and maintenance functions which are generally described below.

Our subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent the minimum quantity of these commodities we are obligated to purchase at both fixed and variable prices. To the extent contractual purchase prices are variable, obligations disclosed in the table above are valued at market prices as of December 31, 2023.

NIPSCO has power purchase arrangements representing a total of 700 MW of wind power, with contracts expiring between 2024 and 2040. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon early termination of one of these agreements by NIPSCO for any reason (other than material breach by the counterparties), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

We have pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2024 to 2038, require us to pay fixed monthly charges.

NIPSCO has contracts with three major rail operators providing coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2025.

We have executed agreements with multiple IT service providers. The agreements extend for various periods through 2028.

**B. 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 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. At December 31, 2023 and 2022, we issued stand-by letters of credit of \$9.9 million and \$10.2 million, respectively, for the benefit of third parties.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At December 31, 2023 and 2022, our guarantees for multiple BTAs totaled \$646.1 million and \$841.6 million, respectively. The amount of each guaranty will decrease upon the substantial completion of the construction of the facilities. See "- E. Other Matters - Generation Transition," below for more information.

**C. Legal Proceedings.** From time to time, various legal and regulatory claims and proceedings are pending or threatened against the 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 matters. However, the actual results of resolving the pending litigation matters may be substantially higher than the amounts reserved. If one or more other 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. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim, proceeding or investigation would not have a material adverse effect on our results of operations, financial position or liquidity.

**FERC Investigation.** In April 2022, NIPSCO was notified that the FERC Office of Enforcement ("OE") was conducting an investigation of an industrial customer for allegedly manipulating the MISO Demand Response ("DR") market. On January 4, 2024, FERC issued an Order approving a Stipulation and Consent Agreement (the "FERC Stipulation and Consent Agreement") which resolved the FERC OE investigation. Under the FERC Stipulation and Consent Agreement, neither NIPSCO nor the industrial customer admitted or denied any wrongdoing. Further, under the FERC Stipulation and Consent Agreement, the industrial customer is to disgorge \$48.5 million and NIPSCO is to disgorge \$7.7 million. The full amount of disgorgements will be returned to customers. NIPSCO has recovered more than 50% of its costs.

**Other Claims and Proceedings.** We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, and based upon an investigation of 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.

**D. 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 the majority of environmental assessment and remediation costs and asset retirement costs, further described below, to be recoverable through rates. See Note 12, "Regulatory Matters," for additional detail.

As of December 31, 2023 and 2022, we had recorded a liability of \$80.0 million and \$86.5 million, respectively, to cover environmental remediation at various sites. This liability is included in "Other accruals" and "Other noncurrent liabilities" in the Consolidated Balance Sheets. 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. See Note 11, "Asset Retirement Obligations," for a discussion of all obligations, including those discussed below.

**CERCLA.** Our subsidiaries are potentially responsible parties at waste disposal sites under the 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 Consolidated Financial Statements.

**MGP.** We maintain a program to identify and investigate former MGP sites where Gas Distribution Operations 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 complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2023. Our total estimated liability related to the facilities subject to remediation was \$73.7 million and \$81.0 million at December 31, 2023 and 2022, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. We believe 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.

**CCRs.** NIPSCO continues to meet the compliance requirements established by the EPA for the regulation of CCRs. The 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.

#### E. Other Matters

**Generation Transition.** NIPSCO has 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 certain BTAs is dependent on timely completion of construction and either payment of the required purchase price or successful execution by NIPSCO of an agreement with a tax equity partner. NIPSCO and the tax equity partner, for each respective BTA, are obligated to make cash contributions to the JV that acquires the project at the date construction is substantially complete. Certain agreements require NIPSCO to make partial payments upon the developer's completion of significant construction milestones. Once the tax equity partner has earned its negotiated rate of return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value the remaining interest in the JV from the tax equity partner. On January 17, 2024, the IURC approved the full ownership of Cavalry and Dunns Bridge II which will allow those BTAs to be executed through direct ownership. On November 22, 2023, Gibson transitioned from a PPA to a BTA.

**NIPSCO Minority Interest Transaction.** On December 31, 2023, pursuant to the terms of the BIP Purchase Agreement and simultaneously 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. Specifically, under the terms of the LLC Agreement, Blackstone will provide up to \$250 million in additional capital contributions over a three-year period after the closing, which the obligation is backed by an Equity Commitment Letter from an affiliate of Blackstone. Under the LLC Agreement, Blackstone is entitled to appoint two directors to the board of directors of NIPSCO Holdings II (the "Board") so long as Blackstone (together with any approved affiliate) holds at least a 17.5% percentage interest (as defined in the LLC Agreement). In connection with the closing, Blackstone appointed two directors to the Board, such that the Board is now comprised of seven directors, two appointed by Blackstone and five appointed by NiSource. The LLC Agreement also contains certain investor protections, including, among other things, requiring Blackstone approval for Holdings II to take certain major actions. In addition, the LLC Agreement contains certain terms regarding transfer rights and other obligations applicable to both Blackstone and NiSource. The LLC Agreement establishes, among other things, governance rights, exit rights, requirements for additional capital contributions, mechanics for distributions, and other arrangements for Holdings II from and following the closing.

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 Interest," for detailed discussion of accounting for the NIPSCO Minority Interest Transaction.

## 20. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

<i>(in millions)</i>	Gains and Losses on Securities <sup>(1)</sup>	Gains and Losses on Cash Flow Hedges <sup>(1)</sup>	Pension and OPEB Items <sup>(1)</sup>	Accumulated Other Comprehensive Loss <sup>(1)</sup>
<b>Balance as of January 1, 2021</b>	\$ 6.0	\$ (147.9)	\$ (14.8)	\$ (156.7)
Other comprehensive (loss) income before reclassifications	(3.5)	25.3	6.6	28.4
Amounts reclassified from accumulated other comprehensive loss	(0.4)	0.1	1.8	1.5
Net current-period other comprehensive (loss) income	(3.9)	25.4	8.4	29.9
<b>Balance as of December 31, 2021</b>	\$ 2.1	\$ (122.5)	\$ (6.4)	\$ (126.8)
Other comprehensive (loss) income before reclassifications	(13.7)	109.7	(8.9)	87.1
Amounts reclassified from accumulated other comprehensive loss	0.4	0.2	2.0	2.6
Net current-period other comprehensive (loss) income	(13.3)	109.9	(6.9)	89.7
<b>Balance as of December 31, 2022</b>	\$ (11.2)	\$ (12.6)	\$ (13.3)	\$ (37.1)
Other comprehensive income (loss) before reclassifications	3.1	(0.5)	(1.4)	1.2
Amounts reclassified from accumulated other comprehensive loss	0.8	0.3	1.2	2.3
Net current-period other comprehensive income (loss)	3.9	(0.2)	(0.2)	3.5
<b>Balance as of December 31, 2023</b>	\$ (7.3)	\$ (12.8)	\$ (13.5)	\$ (33.6)

<sup>(1)</sup>All amounts are net of tax. Amounts in parentheses indicate debits.

## 21. Business Segment Information

At December 31, 2023, our operations are divided into two primary reportable segments, the Gas Distribution Operations and the Electric Operations segments. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating 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 operating income as our primary measurement for each of the reported segments and make 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.

Year Ended December 31, (in millions)	2023	2022	2021
<b>Operating Revenues</b>			
<b>Gas Distribution Operations</b>			
Unaffiliated	\$ 3,720.4	\$ 4,007.2	\$ 3,171.2
Intersegment	12.3	12.6	12.3
<b>Total</b>	<b>3,732.7</b>	<b>4,019.8</b>	<b>3,183.5</b>
<b>Electric Operations</b>			
Unaffiliated	1,784.2	1,830.9	1,696.3
Intersegment	0.8	0.8	0.8
<b>Total</b>	<b>1,785.0</b>	<b>1,831.7</b>	<b>1,697.1</b>
<b>Corporate and Other</b>			
Unaffiliated	0.8	12.5	32.1
Intersegment	503.8	465.0	460.3
<b>Total</b>	<b>504.6</b>	<b>477.5</b>	<b>492.4</b>
Eliminations	(516.9)	(478.4)	(473.4)
<b>Consolidated Operating Revenues</b>	<b>\$ 5,505.4</b>	<b>\$ 5,850.6</b>	<b>\$ 4,899.6</b>
<b>Operating Income (Loss)</b>			
Gas Distribution Operations	\$ 901.9	\$ 915.8	\$ 617.5
Electric Operations	378.7	362.4	387.8
Corporate and Other	14.9	(12.4)	1.6
<b>Consolidated Operating Income</b>	<b>\$ 1,295.5</b>	<b>\$ 1,265.8</b>	<b>\$ 1,006.9</b>
<b>Depreciation and Amortization</b>			
Gas Distribution Operations	\$ 464.6	\$ 415.9	\$ 383.0
Electric Operations	400.9	362.9	329.4
Corporate and Other	42.7	42.0	36.0
<b>Consolidated Depreciation and Amortization</b>	<b>\$ 908.2</b>	<b>\$ 820.8</b>	<b>\$ 748.4</b>
<b>Assets</b>			
Gas Distribution Operations	\$ 18,122.8	\$ 16,986.5	\$ 15,153.7
Electric Operations	9,250.5	7,992.6	7,178.9
Corporate and Other	3,703.9	1,757.5	1,824.3
<b>Consolidated Assets</b>	<b>\$ 31,077.2</b>	<b>\$ 26,736.6</b>	<b>\$ 24,156.9</b>
<b>Capital Expenditures<sup>(1)</sup></b>			
Gas Distribution Operations	\$ 1,715.2	\$ 1,682.3	\$ 1,406.4
Electric Operations	739.2	574.5	517.4
Corporate and Other	236.3	41.2	16.6
<b>Consolidated Capital Expenditures</b>	<b>\$ 2,690.7</b>	<b>\$ 2,298.0</b>	<b>\$ 1,940.4</b>

<sup>(1)</sup>Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures in current liabilities, the capitalized portion of the Corporate Incentive Plan payout, and AFUDC Equity.

**22. Other, Net**

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

Year Ended December 31, (in millions)	2023		2022		2021	
Interest income	\$	9.0	\$	4.3	\$	4.0
AFUDC equity		25.2		15.1		13.1
Charitable contributions		(1.8)		(4.4)		(11.5)
Pension and other postretirement non-service cost <sup>(1)</sup>		(24.0)		27.6		35.5
Interest rate swap settlement gain		—		10.0		—
Miscellaneous		(0.4)		(0.4)		(0.3)
<b>Total Other, net</b>	<b>\$</b>	<b>8.0</b>	<b>\$</b>	<b>52.2</b>	<b>\$</b>	<b>40.8</b>

<sup>(1)</sup> See Note 16, "Pension and Other Postemployment Benefits," for additional information.

**23. Interest Expense, Net**

The following table displays the components of Interest Expense, Net included on the Statements of Consolidated Income:

Year Ended December 31, (in millions)	2023		2022		2021	
Interest on long-term debt	\$	404.1	\$	344.5	\$	336.4
Interest on short-term borrowings		108.9		22.7		0.6
Debt discount/cost amortization		13.5		11.7		11.0
Accounts receivable securitization fees		2.7		2.5		1.4
Allowance for borrowed funds used and interest capitalized during construction		(25.3)		(6.7)		(4.6)
Debt-based post-in-service carrying charges		(30.7)		(21.1)		(14.7)
Other		16.4		8.0		11.0
<b>Total Interest Expense, net</b>	<b>\$</b>	<b>489.6</b>	<b>\$</b>	<b>361.6</b>	<b>\$</b>	<b>341.1</b>

**24. Supplemental Cash Flow Information**

The following table provides additional information regarding our Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021:

Year Ended December 31, (in millions)	2023	2022	2021
<b>Supplemental Disclosures of Cash Flow Information</b>			
Non-cash transactions:			
Capital expenditures included in current liabilities	\$ 315.0	\$ 275.1	\$ 245.7
Assets acquired under a finance lease	64.5	19.3	22.4
Assets acquired under an operating lease	5.6	8.8	6.0
Reclassification of other property to regulatory assets <sup>(1)</sup>	—	—	607.6
Assets recorded for asset retirement obligations <sup>(2)</sup>	61.1	6.3	12.0
Obligation to developer at formation of JV <sup>(3)</sup>	—	—	277.5
Purchase contract liability, net of fees and payments <sup>(4)</sup>	—	65.0	129.4
Schedule of interest and income taxes paid:			
Cash paid for interest on debt, net of interest capitalized amounts	\$ 433.9	\$ 343.8	\$ 322.4
Cash paid for interest on finance leases	8.6	8.5	9.4
Cash paid for income taxes, net of refunds	9.4	7.2	5.4

<sup>(1)</sup>See Note 12, "Regulatory Matters," for additional information.

<sup>(2)</sup>See Note 11, "Asset Retirement Obligations," for additional information.

<sup>(3)</sup>Represents investing non-cash activity. See Note 4, "Noncontrolling Interest," for additional information.

<sup>(4)</sup>Refer to Note 6, "Equity," for additional information.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)**

**NISOURCE INC.**

**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**

**Twelve months ended December 31, 2023**

(\$ in millions)	Balance Jan. 1, 2023	Additions		Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2023
		Charged to Costs and Expenses	Charged to Other Account <sup>(1)</sup>		
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	\$ 23.9	\$ 23.4	\$ 36.6	\$ 61.0	\$ 22.9
Reserve for deferred charges and other	1.0	—	0.3	—	1.3

**Twelve months ended December 31, 2022**

(\$ in millions)	Balance Jan. 1, 2022	Additions		Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2022
		Charged to Costs and Expenses	Charged to Other Account <sup>(1)</sup>		
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	\$ 23.5	\$ 20.6	\$ 36.4	\$ 56.6	\$ 23.9
Reserve for deferred charges and other	2.3	—	(1.3)	—	1.0

**Twelve months ended December 31, 2021**

(\$ in millions)	Balance Jan. 1, 2021	Additions		Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2021
		Charged to Costs and Expenses	Charged to Other Account <sup>(1)</sup>		
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	\$ 52.3	\$ 18.3	\$ 6.4	\$ 53.5	\$ 23.5
Reserve for deferred charges and other	—	—	2.3	—	2.3

<sup>(1)</sup> Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset or the movement of the reserve between short term and long term.

**NISOURCE INC.**

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Our chief executive officer and chief financial officer are responsible for evaluating the effectiveness of 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 the Company in reports that are filed or submitted under the Exchange Act are accumulated and communicated to 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, disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management, including our chief executive officer and chief financial officer, are responsible for establishing and maintaining internal control over financial reporting, as such term is defined under Rule 13a-15(f) or Rule 15d-15(f) promulgated under the Exchange Act. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2023, we conducted an evaluation of our internal control over financial reporting. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, issued an attestation report on our internal controls over financial reporting which is included herein.

**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.

**ITEM 9A. CONTROLS AND PROCEDURES**

**NISOURCE INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of NiSource Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 21, 2024, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 21, 2024

ITEM 9B. OTHER INFORMATION

**NI**SOURCE INC.

Director and Officer Trading Arrangements

During the year ended December 31, 2023, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

**PART III**

**NiSOURCE INC.**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except for the information required by this item with respect to our executive officers included at the end of Part I of this report on Form 10-K, the information required by this Item 10 is incorporated herein by reference to the discussion in "Proposal 1 Election of Directors," "Corporate Governance - Board Committee Composition," "Corporate Governance - Code of Business Conduct," and "Delinquent Section 16(a) Reports" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2024.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference to the discussion in "Compensation and Human Capital Committee Interlocks and Insider Participation," "2023 Director Compensation," "2023 Executive Compensation," "Compensation Discussion and Analysis (CD&A)," "Assessment of Risk," "2023 Pay Versus Performance," and "Compensation and Human Capital Committee Report" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2024.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference to the discussion in "Security Ownership of Certain Beneficial Owners and Management," and "Equity Compensation Plan Information" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2024.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference to the discussion in "Corporate Governance - Policies and Procedures with Respect to Transactions with Related Persons" and "Corporate Governance - Director Independence" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2024.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference to the discussion in "Independent Registered Public Accounting Firm Fees" of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2024.

**NiSOURCE INC.****ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES****Financial Statements and Financial Statement Schedules**

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

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<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 34)</a>	<a href="#">57</a>
<a href="#">Statements of Consolidated Income</a>	<a href="#">60</a>
<a href="#">Statements of Consolidated Comprehensive Income</a>	<a href="#">61</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">62</a>
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<a href="#">Statements of Consolidated Stockholders' Equity</a>	<a href="#">65</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">67</a>
<a href="#">Schedule II</a>	<a href="#">119</a>

**Exhibits**

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index below. Each management contract or compensatory plan or arrangement of ours, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of our subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of ours and our subsidiaries on a consolidated basis. We agree to furnish a copy of any such instrument to the SEC upon request.

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(1.1)	Form of Equity Distribution Agreement (incorporated by reference to <a href="#">Exhibit 1.1 of the NiSource Inc. Form 8-K</a> filed on February 22, 2021).
(1.2)	Form of Master Forward Sale Confirmation (incorporated by reference to <a href="#">Exhibit 1.2 of the NiSource Inc. Form 8-K</a> filed on February 22, 2021).
(2.1)	Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to <a href="#">Exhibit 2.1 to the NiSource Inc. Form 8-K</a> filed on July 2, 2015).
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to <a href="#">Exhibit 3.1 to the Registrant's Form 10-Q</a> , filed with the Commission on August 3, 2015).
(3.2)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of NiSource dated May 7, 2019 (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on May 8, 2019).
(3.3)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of NiSource dated May 23, 2023 (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on May 24, 2023).
(3.4)	Bylaws of NiSource Inc., as amended and restated through August 9, 2022 (incorporated by reference to <a href="#">Exhibit 3.1 to the NiSource Inc. Form 8-K</a> filed on August 10, 2022).
(3.5)	Certificate of Designations of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to <a href="#">Exhibit 3.1 of the NiSource Inc. Form 8-K</a> filed on December 6, 2018).
(3.6)	Certificate of Designations of Series B-1 Preferred Stock (incorporated by reference to <a href="#">Exhibit 3.1 to the NiSource Inc. Form 8-K</a> filed on December 27, 2018).
(4.1)	Indenture, dated as of March 1, 1988, by and between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).
(4.2)	First Supplemental Indenture, dated as of December 1, 1991, by and between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
(4.3)	Indenture Agreement, dated as of February 14, 1997, by and between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).

- (4.4) Second Supplemental Indenture, dated as of November 1, 2000, by and among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
- (4.5) Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
- (4.6) Form of 3.490% Notes due 2027 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on May 17, 2017).
- (4.7) Form of 4.375% Notes due 2047 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on May 17, 2017).
- (4.8) Form of 3.950% Notes due 2048 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on September 8, 2017).
- (4.9) Second Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3](#) filed November 30, 2017 (Registration No. 333-214360)).
- (4.10) Third Supplemental Indenture, dated as of November 30, 2017, between NiSource Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on December 1, 2017).
- (4.11) Second Supplemental Indenture, dated as of February 12, 2018, between Northern Indiana Public Service Company and The Bank of New York Mellon, solely as successor trustee under the Indenture dated as of March 1, 1988 between the Company and Manufacturers Hanover Trust Company, as original trustee. (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 10-Q](#) filed on May 2, 2018).
- (4.12) Fourth Supplemental Indenture, dated as of December 18, 2023, between NiSource, Inc. and The Bank of New York Mellon, as trustee, relating to the 7.99% Medium-Term Notes due 2027 and the 6.78% Senior Notes due 2027 (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on December 18, 2023).
- (4.13) Deposit Agreement, dated as of December 5, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depository, and the holders from time to time of the depository receipts described therein (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on December 6, 2018).
- (4.14) Form of Depository Receipt (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on December 6, 2018).
- (4.15) Amended and Restated Deposit Agreement, dated as of December 27, 2018, among NiSource, Inc., Computershare Inc. and Computershare Trust Company, N.A., acting jointly as depository, and the holders from time to time of the depository receipts described therein (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 27, 2018).
- (4.16) Form of Depository Receipt (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 27, 2018).
- (4.17) Form of 2.950% Notes due 2029 (incorporated by reference to [Exhibit 4.1 to NiSource Inc. Form 8-K](#) filed on August 12, 2019).
- (4.18) Amended and Restated NiSource Inc. Employee Stock Purchase Plan (incorporated by [reference to Exhibit C to the Registrant's Definitive Proxy Statement on Schedule 14A](#), filed with the Commission on April 1, 2019).
- (4.19) Form of 3.600% Notes due 2030 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 8, 2020).
- (4.20) Form of 0.950% Notes due 2025 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.21) Form of 1.700% Notes due 2031 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on August 18, 2020).
- (4.22) Form of 5.000% Notes due 2052 (incorporated by reference to [Exhibit 4.1 of the NiSource Inc. Form 8-K](#) filed on June 10, 2022).

- (4.23) Form of 5.250% Notes due 2028 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on March 24, 2023).
- (4.24) Form of 5.400% Notes due 2033 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 9, 2023).
- (4.25) [Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act.](#)\*\*
- (4.26) Form of 6.25% Notes due 2040 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on December 6, 2010).
- (4.27) Form of 5.95% Notes due 2041 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on June 10, 2011).
  
- (4.28) Form of 5.80% Notes due 2042 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on November 17, 2011).
- (4.29) Form of 5.25% Notes due 2043 (incorporated by reference to [Exhibit 4.2 to the NiSource Inc. Form 8-K](#) filed on June 14, 2012).
- (4.30) Form of 4.80% Notes due 2044 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on April 12, 2013).
- (4.31) Form of 5.65% Notes due 2045 (incorporated by reference to [Exhibit 4.1 to the NiSource Inc. Form 8-K](#) filed on October 7, 2013).
- (10.1) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit B to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 11, 2010, filed on April 2, 2010).\*
- (10.2) First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 to the NiSource Inc. Form 10-K](#) filed on February 18, 2014).\*
- (10.3) 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders](#) for the Annual Meeting held on May 12, 2015, filed on April 7, 2015).\*
- (10.4) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed October 23, 2015).\*
- (10.5) Form of Amendment to Restricted Stock Unit Award Agreement related to Vested but Unpaid NiSource Restricted Stock Unit Awards for Nonemployee Directors of NiSource entered into as of July 13, 2015 (incorporated by reference to [Exhibit 10.3 to the NiSource Inc. Form 10-Q](#) filed on November 3, 2015).\*
- (10.6) Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).\*
- (10.7) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 to NiSource Inc. Form 10-Q](#) filed on August 2, 2011).\*
- (10.8) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.18 to the NiSource Inc. Form 10-K](#) filed on February 22, 2017).\*
- (10.9) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012 (incorporated by reference to [Exhibit 10.21 to the NiSource Inc. Form 10-K](#) filed on February 19, 2013).\*
- (10.10) Note Purchase Agreement, dated as of August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K](#) filed on August 26, 2005).
- (10.11) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to [Exhibit 10.30 to the NiSource Inc. Form 10-K](#) filed on February 27, 2009).
- (10.12) Form of Change in Control and Termination Agreement (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 10-Q](#) filed on August 2, 2017).\*
- (10.13) Registration Rights Agreement, dated as of May 2, 2018, by and among NiSource Inc. and the purchasers named therein (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 8-K](#) filed on May 2, 2018).

- (10.14) Form of 2019 Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to [Exhibit 10.45 of the NiSource Inc. Form 10-K](#) filed on February 20, 2019).\*
- (10.15) Amended and Restated NiSource Inc. Employee Stock Purchase Plan adopted as of February 1, 2019 (incorporated by reference to [Exhibit C to the NiSource Inc. Definitive Proxy Statement](#) to Stockholders for the Annual Meeting to be held on May 7, 2019, filed on April 1, 2019).
- (10.16) Form of Performance Share Award Agreement (incorporated by reference to [Exhibit 10.39 of the NiSource Form 10-K](#) filed on February 28, 2020).\*
- (10.17) Form of Restricted Stock Unit Award Agreement (incorporated by reference to [Exhibit 10.40 of the NiSource Form 10-K](#) filed on February 28, 2020). \*
- (10.18) Form of Cash-Based Award Agreement (incorporated by reference to [Exhibit 10.41 of the NiSource Form 10-K](#) filed on February 28, 2020).\*
- (10.19) 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit A to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held on May 19, 2020](#), filed on April 13, 2020).\*
- (10.20) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-Q](#) filed on August 5, 2020).\*
- (10.21) NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.4 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.22) Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.5 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).
- (10.23) Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020 (incorporated by reference to [Exhibit 10.6 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.24) [First Amendment to the Savings Restoration Plan for NiSource Inc. and Affiliates dated October 12, 2023 and effective November 1, 2020.](#)\*\*
- (10.25) NiSource Inc. Executive Severance Policy, as amended and restated effective October 19, 2020 (incorporated by reference to [Exhibit 10.7 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.26) NiSource Next Voluntary Separation Program, effective as of August 5, 2020 (incorporated by reference to [Exhibit 10.8 to the NiSource Inc. Form 10-Q](#) filed on November 2, 2020).\*
- (10.27) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.53 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.28) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.54 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.29) Form of Special Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.55 to the NiSource Inc. Form 10-K](#) filed on February 17, 2021).\*
- (10.30) Sixth Amended and Restated Revolving Credit Agreement, dated as of February 18, 2022, among NiSource Inc., as Borrower, the Lenders party thereto, Barclays Bank PLC, as Administrative Agent, JPMorgan Chase Bank, N.A. and MUFG Bank, Ltd., as Co-Syndication Agents, Credit Suisse AG, New York Branch, Wells Fargo Bank, National Association, and Bank of America, National Association, as Co-Documentation Agents, Barclays Bank PLC and MUFG Bank, Ltd., as Co-Sustainability Structuring Agents, and Barclays Bank PLC, JPMorgan Chase Bank, N.A. MUFG Bank, Ltd., Credit Suisse Loan Funding LLC, Wells Fargo Securities, LLC, and BofA Securities, Inc., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on February 18, 2022).
- (10.31) Amendment No. 1 to the Sixth Amended 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 (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on August 23, 2023).
- (10.32) First Amendment to the NiSource Inc. 2020 Omnibus Incentive Plan (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 10-Q](#) filed on May 4, 2022).

- (10.33) Credit Agreement, dated as of December 20, 2022, among NiSource Inc., as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, PNC Capital Markets LLC, as Syndication Agent, Bank of America, N.A. and Wells Fargo Bank, N.A., as Co-Documentation Agents and JPMorgan Chase Bank, N.A., PNC Capital Markets LLC, Bank of America, N.A. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on December 20, 2022).
  
- (10.34) 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 October 5, 2023).
  
- (10.35) Credit Agreement, dated as of November 9, 2023, among NiSource Inc., as Borrower, the lenders party there to, and U.S. Bank National Association, as Administrative Agent, as Sole Lead Arranger and Bookrunner (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on November 9, 2023).
  
- (10.36) Augmenting Lender Supplement, dated December 6, 2023, by and among NiSource Inc., Mizuho Bank, LTD, Bank of Montreal. and U.S. Bank National Association (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on December 6, 2023).
- (10.37) Form of Restricted Stock Unit Award Agreement.(incorporated by reference to [Exhibit 10.57 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.38) Form of Performance Share Unit Award Agreement (incorporated by reference to [Exhibit 10.58 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.39) Form of Restricted Stock Unit Award Agreement. (incorporated by reference to [Exhibit 10.59 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.40) Form of Performance Share Unit Award Agreement. (incorporated by reference to [Exhibit 10.60 to the NiSource Inc. Form 10-K](#) filed on February 22, 2023).\*
- (10.41) Purchase and Sale Agreement, dated as of June 17, 2023, among NiSource Inc., as the Parent, NIPSCO Holdings II LLC, as the Company, and BIP BLUE BUYER L.L.C., as the Investor (incorporated by reference to [Exhibit 10.1 to the NiSource Inc. Form 8-K](#) filed on June 20, 2023).
- (10.42) Amendment No. 1 to the Purchase and Sale Agreement, 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 (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 10-Q](#) filed on August 2, 2023).\*\*\*\*
  
- (10.43) Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated December 31, 2023 (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on January 2, 2024).\*\*\*\*
  
- (10.44) [Second Amended and Restated Limited Liability Company Agreement of NIPSCO Holdings II LLC, dated January 30, 2024.](#)\*\* \*\*\*\*
  
- (10.45) Form of 2024 CEO RSU Award Agreement (incorporated by reference to [Exhibit 10.1 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.46) Form of 2024 CEO PSU Award Agreement (incorporated by reference to [Exhibit 10.2 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.47) Form of RSU Award Agreement (for awards on or after 2024) (incorporated by reference to [Exhibit 10.3 of the NiSource Inc. Form 8-K](#) filed on January 26, 2024).\*
- (10.48) [Form of PSU Award Agreement \(for awards on or after 2024\).](#)\* \*\*
- (21) [List of Subsidiaries.](#)\*\*
- (23) [Consent of Deloitte & Touche LLP.](#)\*\*
- (31.1) [Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)\*\*
- (31.2) [Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)\*\*
- (32.1) [Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)\*\*

- (32.2) [Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)\*\*
- (97.1) [NiSource Inc. Compensation Recoupment Policy.](#)\*\*
- (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.)

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

\*\* Exhibit filed herewith.

\*\*\* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

\*\*\*\* 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.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

ITEM 16. FORM 10-K SUMMARY

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 21, 2024

By: /s/ LLOYD M. YATES  
Lloyd M. Yates  
President, Chief Executive Officer and Director  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>/s/ LLOYD M. YATES</u> Lloyd M. Yates	President, Chief Executive Officer and Director (Principal Executive Officer)	<u>Date: February 21, 2024</u>
<u>/s/ SHAWN ANDERSON</u> Shawn Anderson	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	<u>Date: February 21, 2024</u>
<u>/s/ GUNNAR J. GODE</u> Gunnar J. Gode	Vice President and Chief Accounting Officer (Principal Accounting Officer)	<u>Date: February 21, 2024</u>
<u>/s/ KEVIN T. KABAT</u> Kevin T. Kabat	Chairman of the Board	<u>Date: February 21, 2024</u>
<u>/s/ PETER A. ALTABEF</u> Peter A. Altabef	Director	<u>Date: February 21, 2024</u>
<u>/s/ SONDRA L. BARBOUR</u> Sondra L. Barbour	Director	<u>Date: February 21, 2024</u>
<u>/s/ THEODORE H. BUNTING, JR.</u> Theodore H. Bunting, Jr.	Director	<u>Date: February 21, 2024</u>
<u>/s/ ERIC L. BUTLER</u> Eric L. Butler	Director	<u>Date: February 21, 2024</u>
<u>/s/ ARISTIDES S. CANDRIS</u> Aristides S. Candris	Director	<u>Date: February 21, 2024</u>
<u>/s/ DEBORAH A. HENRETTA</u> Deborah A. Henretta	Director	<u>Date: February 21, 2024</u>
<u>/s/ DEBORAH A.P. HERSMAN</u> Deborah A. P. Hersman	Director	<u>Date: February 21, 2024</u>
<u>/s/ WILLIAM D. JOHNSON</u> William D. Johnson	Director	<u>Date: February 21, 2024</u>
<u>/s/ MICHAEL E. JESANIS</u> Michael E. Jesanis	Director	<u>Date: February 21, 2024</u>
<u>/s/ CASSANDRA S. LEE</u> Cassandra S. Lee	Director	<u>Date: February 21, 2024</u>

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO  
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

NiSource Inc. ("NiSource") has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

- (i) common stock, par value \$0.01 per share (the "common stock"); and
- (ii) depositary shares, each representing a 1/1,000<sup>th</sup> ownership interest in a share of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock ("Series B Preferred Stock"), par value \$0.01 per share, liquidation preference \$25,000 per share and a 1/1,000<sup>th</sup> ownership interest in a share of Series B-1 Preferred Stock ("Series B-1 Preferred Stock"), par value \$0.01 per share, liquidation preference \$0.01 per share (the "Depositary Shares").

The following is a summary description of the material terms of such securities. It may not contain all the information that is important to you. For additional information, you should refer to the provisions of our Amended and Restated Certificate of Incorporation, as amended (the "certificate of incorporation") and our bylaws, as amended and restated (the "bylaws"), each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference.

**GENERAL**

**Authorized Capital Stock**

The authorized capital stock of NiSource consists of 770,000,000 shares, of which 750,000,000 are common stock, par value \$0.01, and 20,000,000 are preferred stock, par value \$0.01. The board of directors of NiSource has designated (i) 20,000 shares of the preferred stock as Series B Preferred Stock and (ii) 20,000 shares of the preferred stock as Series B-1 Preferred Stock. The shares of Series B Preferred Stock and Series B-1 Preferred Stock are represented by 20,000,000 Depositary Shares, each representing 1/1000<sup>th</sup> ownership interest in a share of each of the Series B Preferred Stock and the Series B-1 Preferred Stock.

**Anti-Takeover Provisions**

NiSource's certificate of incorporation includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. More specifically, the certificate of incorporation provides that stockholders may not cumulate their votes and stockholder action may be taken only at a duly called meeting and not by written consent. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

Under Delaware law, the approval of the holders of a majority of the outstanding shares of a class of NiSource's capital stock would be necessary to authorize any amendment to the certificate of incorporation that would adversely alter or change the powers, preferences or special right of such class of capital stock. Additionally, an amendment to the certificate of incorporation to increase or decrease the aggregate number of authorized shares of a class of capital stock requires the votes cast for the amendment by the holders of such class to exceed the votes cast against the amendment by the holders of such class. Further, pursuant to the certificates of designations for the Series B Preferred Stock and Series B-1 Preferred Stock, the holders of two-thirds of any series of such preferred stock must approve certain amendments to the certificate of incorporation that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of such series of preferred stock. The effect of these provision may permit the holders of NiSource's outstanding shares of capital stock to block a proposed amendment to the certificate of incorporation in connection with a potential acquisition of NiSource if such amendment would adversely affect the powers, preferences or special rights of such capital stock.

NiSource is subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination" (as defined therein), which includes, among other things, a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock or an affiliate or associate of such person.

## DESCRIPTION OF COMMON STOCK

### Liquidation Rights

In the event of any liquidation, dissolution or winding up of NiSource, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of NiSource and the distribution in full of all preferential amounts (including any accumulated and unpaid dividends) to which the holders of the Series B Preferred Stock, Series B-1 Preferred Stock and any other series of preferred stock of NiSource hereafter created are entitled, the holders of common stock will share ratably in the remaining assets in proportion to the number of shares of common stock held by them respectively. A consolidation or merger of NiSource with or into any other corporation, or any purchase or redemption of shares of any class of NiSource's capital stock, will not be deemed to be a liquidation, dissolution or winding up of NiSource's affairs.

### Voting Rights

Except as otherwise required by Delaware law or as otherwise provided in the certificate of designations for the Series B Preferred Stock, Series B-1 Preferred Stock or any other series of preferred stock of NiSource hereafter created, holders of NiSource's common stock exclusively possess voting power for the election of NiSource's directors and all other matters requiring stockholder action. Each holder of common stock, if entitled to vote on a matter, is entitled to one vote per share. Holders of common stock are not entitled to cumulative voting rights. Holders of common stock will be notified of any stockholders' meeting according to applicable law.

### Dividend Rights

Holders of common stock will be entitled to receive dividends, when, as and if declared by NiSource's board of directors out of legally available funds for such purpose in accordance with Delaware law, subject to the powers, preferences and rights afforded to the holders of the Series B Preferred Stock and any other series of preferred stock of NiSource hereafter created. Dividends may be paid in cash, capital stock or other property of NiSource.

NiSource is prohibited by the terms of its Series B Preferred Stock from declaring or paying dividends on any shares of NiSource's common stock (other than dividends payable solely in shares of its common stock) or redeeming, repurchasing or acquiring shares of its common stock unless full cumulative dividends have been paid with respect to the Series B Preferred Stock through the most recently completed respective dividend periods.

NiSource is an energy holding company that derives substantially all of its revenues and earnings from the operating results of the rate-regulated businesses of its subsidiaries. Accordingly, NiSource's ability to pay dividends on its capital stock is dependent primarily upon the earnings and cash flows of its subsidiaries and the distribution or other payment of such earnings to NiSource. NiSource's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts on the capital stock of NiSource or to make any funds available therefor, whether by dividends, loans or other payments.

### No Preemptive Rights

Holders of NiSource's common stock are not entitled to, as holders of common stock, any preemptive rights with respect to any shares of NiSource's capital stock or any of its securities convertible into or exercisable for its capital stock.

## SERIES B PREFERRED STOCK

### Ranking

The Series B Preferred Stock ranks, with respect to dividends and distributions upon liquidation: (i) senior to NiSource's common stock and any other class or series of capital stock that does not expressly provide that it ranks on a parity with or senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Junior Securities"); (ii) on a parity with the Series B-1 Preferred Stock (except with respect to dividends) and any other class or series of capital stock that does not expressly provide that it ranks junior or senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Parity Securities"); and (iii) junior to any class or series of capital stock that expressly provides that it ranks senior to the Series B Preferred Stock with respect to dividends and such distributions (the "Series B Senior Securities").

### Liquidation Rights

In the event of any liquidation, the holders of the Series B Preferred Stock are entitled to receive out of NiSource's assets available for distribution to stockholders (subject to the rights of holders of Series B Senior Securities and Series B Parity Securities in respect of distributions upon the liquidation) before any distribution of assets is made to holders of Series B Junior Securities, a liquidation preference of \$25,000 per share. Any accumulated and unpaid dividends on the Series B Preferred Stock and Series B Parity Securities will be paid prior to any distributions in liquidation. A consolidation or merger of NiSource with or into any other entity will not be deemed to be a liquidation.

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## **Voting Rights**

The Series B Preferred Stock has no voting, consent or approval rights except as set forth below or as otherwise provided by Delaware law. On any matter described below in which the holders of the Series B Preferred Stock are entitled to vote as a class (whether separately or together with the holders of any Series B Parity Securities), such holders will be entitled to twenty-five votes per share. The Series B Preferred Stock is paired with the Series B-1 Preferred Stock and the holders of the Series B-1 Preferred Stock are entitled to the voting rights described below under the heading "-Series B-1 Preferred Stock-Voting Rights."

*Adverse Changes.* Unless NiSource has received the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting as a single class, no amendment to the certificate of incorporation may be adopted that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of the Series B Preferred Stock. However, such voting requirement shall not be implicated by any amendment to the certificate of incorporation (i) relating to the issuance of additional shares of preferred stock (subject to the voting rights discussed in the following paragraph) and (ii) in connection with a merger or another transaction in which either the Series B Preferred Stock remains outstanding or is exchanged for a series of preferred stock of the surviving entity, in either case, with the terms thereof materially unchanged in any respect adverse to the holders of Series B Preferred Stock.

*Parity and Senior Preferred Stock.* Unless NiSource has received the affirmative vote or consent of the holders of at least two thirds of the outstanding shares of Series B Preferred Stock, voting as a class together with holders of any Series B Parity Securities and upon which like voting rights have been conferred and are exercisable, NiSource may not: (i) create or issue any Series B Parity Securities (including any additional shares of Series B Preferred Stock, but excluding any payments-in-kind on such shares) if the cumulative dividends payable on the outstanding shares of Series B Preferred Stock (or Series B Parity Securities, if applicable) are in arrears; or (ii) create or issue any Series B Senior Securities.

## **Dividends**

Holders of Series B Preferred Stock will be entitled to receive, when, as and if declared by NiSource's board of directors out of legally available funds for such purpose, cumulative quarterly cash dividends (subject to the dividend rights of any Series B Parity Securities or Series B Senior Securities) at an initial rate of 6.50% per annum of the \$25,000 liquidation preference per share (equal to \$1,625 per share per annum). On and after March 15, 2024, dividends will accumulate for each five-year period thereafter according to a formula based on the rate of certain U.S. Treasury securities with a five year maturity plus the applicable margin.

NiSource is prohibited by the terms of the Series B Preferred Stock from declaring or paying dividends on any Series B Junior Securities (other than a dividend payable solely in such Series B Junior Securities) or redeeming, repurchasing or acquiring shares of any Series B Junior Securities unless full cumulative dividends have been paid on all outstanding shares of Series B Preferred Stock and any Series B Parity Securities entitled to dividends through the most recently completed respective dividend periods. In addition, NiSource may not repurchase, redeem or otherwise acquire any shares of Series B Parity Securities, unless (i) effected pursuant to a purchase or exchange offer made on the same relative terms to all holders of such shares of preferred stock or (ii) (A) full cumulative dividends have been paid or provided for on all outstanding shares of such preferred stock entitled to dividends through the most recently completed respective dividend periods and (B) NiSource expects to have sufficient funds to pay in full the next dividend on all such outstanding shares of preferred stock.

## **Redemption**

NiSource may redeem the Series B Preferred Stock, at its option, in whole or in part, on March 15, 2024 or on any fifth anniversary thereafter by paying \$25,000 per share plus an amount equal to all accumulated and unpaid dividends thereon to, but not including, the redemption date, whether or not declared. In addition, following the occurrence of a "Ratings Event" (as defined in the certificate of designations of the Series B Preferred Stock), NiSource may, at its option, redeem the Series B Preferred Stock in whole, but not in part, at a redemption price equal to \$25,500 per share (102% of the liquidation preference) plus an amount equal to all accumulated and unpaid dividends thereon to the redemption date, whether or not declared.

## **No Conversion or Preemptive Rights**

The Series B Preferred Stock is not convertible into any other class of NiSource's capital stock and the holders of the Series B Preferred Stock do not, as holders of Series B Preferred Stock, have any preemptive rights with respect to any shares of NiSource's capital stock or any of its securities convertible into or exercisable for its capital stock.

## **SERIES B-1 PREFERRED STOCK**

The Series B-1 Preferred Stock was issued as a distribution with respect to the Series B Preferred Stock in order to enhance the voting rights of the Series B Preferred Stock to comply with the New York Stock Exchange's minimum voting rights policy. The Series B-1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock, and upon the transfer, redemption or repurchase of the underlying Series B Preferred Stock, the same number of shares of Series B-1 Preferred Stock must simultaneously be

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transferred (to the same transferee), redeemed or repurchased, as the case may be. A summary of certain powers, preferences, rights, qualifications, limitations and restrictions of the Series B-1 Preferred Stock are set forth below.

## **Ranking**

The Series B-1 Preferred Stock ranks, with respect to distributions upon liquidation: (i) senior to NiSource's common stock and any other class or series of capital stock that does not expressly provide that it ranks on a parity with or senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Junior Securities"); (ii) on a parity with the Series B Preferred Stock and any other class or series of capital stock that does not expressly provide that it ranks junior or senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Parity Securities"); and (iii) junior to any class or series of capital stock that expressly provides that it ranks senior to the Series B-1 Preferred Stock with respect to such distributions (the "Series B-1 Senior Securities").

## **Liquidation Rights**

In the event of any liquidation, the holders of the Series B-1 Preferred Stock are entitled to receive out of NiSource's assets available for distribution to stockholders (subject to the rights of holders of Series B-1 Senior Securities and Series B-1 Parity Securities in respect of distributions upon liquidation), before any distribution of assets is made to holders of Series B-1 Junior Securities, a liquidation preference of \$0.01 per share. Any accumulated and unpaid dividends on the Series B-1 Parity Securities will be paid prior to any distributions in liquidation. A consolidation or merger of NiSource with or into any other entity will not be deemed to be a liquidation.

## **Voting Rights**

The Series B-1 Preferred Stock has no voting, consent or approval rights except as set forth below or as otherwise provided by Delaware law. On any matter described below in which the holders of the Series B-1 Preferred Stock are entitled to vote as a class (whether separately or together with the holders of any Series B-1 Parity Securities), such holders will be entitled to twenty-five votes per share.

*Adverse Changes.* Unless NiSource has received the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series B-1 Preferred Stock, voting as a single class, no amendment to the certificate of incorporation may be adopted that would have a material adverse effect on the existing preferences, rights, powers, duties or obligations of the Series B-1 Preferred Stock. However, such voting requirement shall not be implicated by any amendment to the certificate of incorporation (i) relating to the issuance of additional shares of preferred stock and (ii) in connection with a merger or another transaction in which either the Series B-1 Preferred Stock remains outstanding or is exchanged for a series of preferred stock of the surviving entity, in either case, with the terms thereof materially unchanged in any respect adverse to the holders of Series B-1 Preferred Stock.

*Election of Directors upon Nonpayment Events.* If and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid for at least six dividend periods, whether or not consecutive (a "Nonpayment Event"), the number of directors then constituting NiSource's board of directors will automatically be increased by two and the holders of Series B-1 Preferred Stock, voting as a class together with the holders of any outstanding Series B-1 Parity Securities having like voting rights that are exercisable at that time ("Director Voting Preferred Stock"), shall be entitled to elect the two additional directors (the "Preferred Stock Directors"), provided that (i) such election does not violate the corporate governance requirements of the New York Stock Exchange that companies must have a majority of independent directors and (ii) such director is not prohibited or disqualified from serving as a director of NiSource by any applicable law. The Preferred Stock Directors shall each be entitled to one vote per director on any matter before NiSource's board of directors for a vote.

When all accumulated and unpaid dividends on the Series B Preferred Stock have been paid in full, then (a) the right of the holders of Series B-1 Preferred Stock to elect the Preferred Stock Directors shall cease, (b) the terms of office of the Preferred Stock Directors will automatically terminate and (c) the number of directors constituting NiSource's board of directors will automatically decrease by two. Any Preferred Stock Director may be removed at any time without cause by holders of a majority of the outstanding shares of the Series B-1 Preferred Stock and Director Voting Preferred Stock (voting together as a single class). So long as a Nonpayment Event continues, any vacancy in the office of a Preferred Stock Director (after the initial election of Preferred Stock Directors) may be filled by the written consent of the Preferred Stock Director remaining in office (if any), in lieu of a vote by the Series B-1 Preferred Stock and Director Voting Preferred Stock (voting together as a single class).

## **Dividends**

Holders of Series B-1 Preferred Stock are not entitled to receive dividends.

## **Redemption**

The shares of Series B-1 Preferred Stock are subject to mandatory redemption, in whole or in part, at a redemption price of \$0.01 per share upon the redemption of the underlying shares of Series B Preferred Stock with which such shares of Series B-1 Preferred Stock are paired. The shares of Series B-1 Preferred Stock are not otherwise subject to redemption.

## **No Conversion or Preemptive Rights**

The Series B-1 Preferred Stock is not convertible into any other class of NiSource's capital stock and the holders of the Series B-1 Preferred Stock do not, as holders of Series B-1 Preferred Stock, have any preemptive rights with respect to any shares of NiSource 's capital stock or any of its securities convertible into or exercisable for its capital stock.

## **DEPOSITARY SHARES REPRESENTING SERIES B PREFERRED STOCK AND SERIES B-1 PREFERRED STOCK**

### **General**

Each Depositary Share represents a 1/1,000th ownership interest in a share of the Series B Preferred Stock and a 1/1,000th ownership interest in a share of the Series B-1 Preferred Stock. The Depositary Shares are evidenced by depositary receipts issued pursuant to a deposit agreement (the "Deposit Agreement") among NiSource, Computershare Inc. and Computershare Trust Company, N.A., acting jointly as the depositary (the "depositary"), and the holders from time to time of the depositary receipts evidencing the Depositary Shares. This description of the Depositary Shares is qualified in its entirety by the provisions of the respective certificates of designations of the Series B Preferred Stock and Series B-1 Preferred Stock and the Deposit Agreement, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit and are incorporated herein by reference.

### **Dividends and Other Distributions**

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series B Preferred Stock and Series B-1 Preferred Stock to the record holders of Depositary Shares relating to the underlying Series B Preferred Stock and Series B-1 Preferred Stock in proportion to the number of Depositary Shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of Depositary Shares entitled to those distributions, unless it determines, in consultation with NiSource, that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with NiSource's approval, sell the property (at a public or private sale) and distribute the net proceeds from the sale to the holders of the Depositary Shares in proportion to the number of Depositary Shares they hold.

### **Redemption of Depositary Shares**

If NiSource redeems the Series B Preferred Stock and Series B-1 Preferred Stock represented by the Depositary Shares, a proportionate number of Depositary Shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series B Preferred Stock and Series B-1 Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/1,000th of the redemption price per share payable with respect to each of the Series B Preferred Stock and Series B-1 Preferred Stock. Whenever NiSource redeems shares of Series B Preferred Stock and Series B-1 Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of Depositary Shares representing shares of Series B Preferred Stock and Series B-1 Preferred Stock so redeemed.

### **Voting the Preferred Stock**

When the depositary receives notice of any meeting at which the holders of the Series B Preferred Stock and/or Series B-1 Preferred Stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice to the record holders of the Depositary Shares. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Series B Preferred Stock and/or Series B-1 Preferred Stock, may instruct the depositary to vote the amount of the Series B Preferred Stock and/or Series B-1 Preferred Stock entitled to vote represented by the holder's Depositary Shares. To the extent practicable, the depositary will vote the number of shares entitled to vote represented by such Depositary Shares in accordance with the instructions it receives. If the depositary does not receive specific instructions from the holders of any Depositary Shares representing the Series B Preferred Stock and/or Series B-1 Preferred Stock entitled to vote, it will abstain from voting the number of shares of Series B Preferred Stock and/or Series B-1 Preferred Stock represented thereby.

### **Amendment and Termination of the Depositary Agreement**

The form of depositary receipt evidencing the Depositary Shares and any provision of the Depositary Agreement may be amended by agreement between the depositary and NiSource. However, any amendment that materially and adversely alters the rights of the holders of Depositary Shares will not be effective unless such amendment has been approved by the holders of at least a majority of the Depositary Shares then outstanding. The Depositary Agreement may be terminated by NiSource upon sixty days' prior written notice to the depositary or by the depositary upon mailing notice to NiSource and the holders of all Depositary Shares then outstanding if at any time sixty days have expired after the depositary provided written notice to NiSource of its resignation and a successor depositary has not been appointed. The Depositary Agreement shall automatically terminate after there has been a final distribution in respect of the Series B Preferred Stock and Series B-1 Preferred Stock in connection with NiSource's liquidation, dissolution or winding and such distribution has been distributed to the holders of Depositary Shares.

**FIRST AMENDMENT TO THE  
SAVINGS RESTORATION PLAN  
FOR NISOURCE INC. AND AFFILIATES**

**(AMENDED AND RESTATED EFFECTIVE NOVEMBER 1, 2020)**

**BACKGROUND**

- A. NiSource Inc. (the “Company”) maintains the Savings Restoration Plan for NiSource Inc. and Affiliates, amended and restated effective November 1, 2020 (the “Plan”).
- B. The Company desires to amend the Plan to increase the amount of the Next-Gen Employer credits from 3.0% of Compensation to 4.5% of Compensation, consistent with the Retirement Savings Plan.
- C. Article X of the Plan gives the Company the ability to amend the Plan.

**PLAN AMENDMENT**

Effective January 1, 2023, the Plan is amended as set forth below.

- 1. Effective January 1, 2023, Section 4.2(c) of the Plan is deleted in its entirety and replaced with the following:
  - (c) Next-Gen Contribution Credits. With respect to a Participant who is classified by the Employer as an “exempt employee” and who is hired or rehired on or after January 1, 2010, the amount of the Employer credits for a Participant, effective January 1, 2023, shall equal (1) minus (2) below:
    - (1) The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 4.5% of the Participant’s Compensation (as defined under this Plan) without regard to the Limits;
    - (2) The actual amount of the Employer Contribution under the Basic Plan that was contributed to the Participant in an amount equal to 4.5% of the Participant’s Compensation (as defined under the Basic Plan).

This amount shall be credited to any applicable Participant in addition to any amounts he or she may be entitled to under Sections 4.2(a) and 4.2(b) of this Plan and regardless of whether such Participant has signed a written agreement to participate in this Plan.

Notwithstanding the foregoing, effective January 1, 2023, a Participant who is in job scope level D1 or D2 shall receive an amount of Employer credits equal to the difference between (1) minus (2) below:

- (1) The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 4.5% of the Participant’s Compensation (as defined under this Plan);
-



SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
NIPSCO HOLDINGS II LLC

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**SECOND AMENDED & RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT**

This SECOND AMENDED & RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this “Agreement”) of NIPSCO Holdings II LLC (the “Company”) is made and entered into as of January 31, 2024 (the “Effective Date”), by and among the Company, NIPSCO Holdings I LLC, an Indiana limited liability company (the “NiSource Member”), BIP Blue Buyer L.L.C., a Delaware limited liability company (the “BIP Investor Member”), BIP Blue Buyer VCOC L.L.C., a Delaware limited liability company (the “VCOC Investor Member” and together with the BIP Investor Member, the “Investor Members”), and solely for the purposes of Article VI, NiSource Inc., a Delaware corporation (the “Parent”). The Company, the NiSource Member, the BIP Investor Member, and the VCOC Investor Member are each sometimes referred to herein as a “Party” and, together, as the “Parties”.

**RECITALS**

1. On June 17, 2023, the Company, the NiSource Member, the Parent and the BIP Investor Member entered into the PSA, pursuant to which the Company, upon the closing of the transactions contemplated thereby, sold and issued to the BIP Investor Member Membership Interests constituting a 19.9% Percentage Interest.

2. On December 31, 2023 (the “Investment Closing Date”), the Company, the NiSource Member, and the BIP Investor Member entered into that certain Amended and Restated Limited Liability Company Agreement of the Company.

3. On the Investment Closing Date, NiSource, Inc., the NiSource Member, the Company, the BIP Investor Member, and the VCOC Investor Member entered into that certain Membership Interest Assignment Agreement pursuant to which the BIP Investor Member assigned to the VCOC Investor Member 4.5159% of the Membership Interests of the Company, effective as of the Effective Date.

4. Upon the execution and delivery hereof, the NiSource Member will be the owner of Membership Interests constituting an 80.1% Percentage Interest, the BIP Investor Member will be the owner of Membership Interests constituting a 15.3841% Percentage Interest, and the VCOC Investor Member will be the owner of Membership Interests constituting a 4.5159% Percentage Interest.

5. The Parties desire to, and by the execution and delivery of this Agreement hereby do, amend and restate in its entirety the Amended and Restated Limited Liability Company Agreement of the Company, dated as of the Investment Closing Date, in order to provide for, among other things, the admission of the VCOC Investor Member as a Member, the rights and responsibilities of the Parties with respect to the governance, financing and operation of the Company, and certain other matters relating to the business arrangements between the Parties with respect to the Company.

Therefore, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valid consideration the receipt of which is hereby acknowledged by each Party, and intending to be legally bound hereby, the Parties hereby agree as follows:

**Article I  
GENERAL MATTERS**

Section 1.1 Formation. The Parent formed the Company as a limited liability company pursuant to the Act. The Members ratify the organization and formation of the Company and continue the Company, pursuant to the terms and conditions of this Agreement.

Section 1.2 Name. The name of the Company is “NIPSCO Holdings II LLC”.

Section 1.3 Purpose.

(a) The purpose of the Company is to, either on its own behalf or through its Subsidiaries, engage in all lawful business for which limited liability companies may be formed under the Act in furtherance of the following activities (the “Company Business”):

(i) owning and operating a public utility engaged in the (A) generation, transmission, distribution, marketing and sale of electricity and/or (B) transmission and distribution of natural gas, within the State of Indiana;

(ii) making direct or indirect investments in, or developing, constructing, commercializing, owning, operating or maintaining assets and facilities relating to the electric or gas business, including renewable energy projects;

(iii) undertaking any business activities conducted as of the Effective Date by the Company or its Subsidiaries;

(iv) engaging in such other activities that are (A) eligible to include in rate base and (B) expected to be eligible to earn a return through rates approved by IURC or FERC; or

(v) engaging in such other activities that the Board deems necessary, convenient or incidental to the conduct, promotion or attainment of the activities described in the foregoing subclauses (i), (ii), (iii) and (iv).

(b) The Company shall not engage in any activity or conduct inconsistent with the Company Business or any reasonable extensions thereof.

Section 1.4 Registered Office. The address of the registered office of the Company in the State of Delaware is 251 Little Falls Drive, Wilmington Delaware, 19808.

Section 1.5 Registered Agent. The name of the registered agent of the Company for service of process on the Company in the State of Delaware is Corporation Service Company.

Section 1.6 Members.

(a) The NiSource Member and each of the Investor Members is hereby or was heretofore admitted to the Company as a Member, and hereby continues as such. Unless admitted to the Company as a Member as provided in this Agreement, no Person shall be, in fact or for any other purpose, a Member.

(b) No Member shall have any right to withdraw from the Company except as expressly set forth herein. No Membership Interest is redeemable or repurchasable by the Company at the option of a Member. Except as expressly set forth in this Agreement, no event affecting a Member (including dissolution, bankruptcy or insolvency) shall affect its obligations under this Agreement or affect the Company.

(c) The Members’ names, addresses and Percentage Interests are set forth on the Schedule of Members attached to this Agreement as Schedule 1.

(d) No Member, acting in its capacity as a Member, shall be entitled to vote on any matter relating to the Company other than as specifically required by the Act or as expressly set forth in this Agreement.

(e) Except as otherwise expressly set forth in this Agreement, any matter requiring the action, consent, vote or other approval of the Members hereunder shall require action, consent, vote or approval of the Members owning at least a majority of the Membership Interests. Except as otherwise expressly set forth in this Agreement, the VCOC Investor Member hereby irrevocably makes, constitutes and appoints the BIP Investor Member as the VCOC Investor Member’s true and lawful attorney-in-fact, with full power of substitution, to act, consent or otherwise approve any matter requiring action, consent

or other approval by the VCOC Investor Member in such forms and on such terms and conditions as the BIP Investor Member may deem necessary or desirable. In addition, except as otherwise expressly set forth in this Agreement, the BIP Investor Member shall have the right and power to vote, and VCOC Investor Member grants to the BIP Investor Member its irrevocable proxy to vote, Membership Interests owned by the VCOC Investor Member, together with the Membership Interests owned by BIP Investor Member, with respect to, any matter requiring the consent, vote or other approval of the 19.9% Membership Interest held by the Investor Members, collectively. The execution of any documents by the BIP Investor Member on behalf of the VCOC Investor Member shall be conclusive evidence of its authority as attorney-in-fact or as the holder of the irrevocable proxy for the VCOC Investor Member and generally to act, consent, vote or otherwise approve any matter requiring the action, consent, vote or other approval of the Members under this Agreement. The VCOC Investor Member acknowledges the appointment of the BIP Investor Member as its attorney-in-fact and agrees that the appointment of the BIP Investor Member as its attorney-in-fact and the grant of the irrevocable proxy to the BIP Investor Member under this Section 1.6(e) is coupled with an interest and may not be revoked and will survive insolvency or bankruptcy of the VCOC Investor Member. The BIP Investor Member accepts its appointment and authorization to act as attorney-in-fact and as proxy holder for the VCOC Investor Member. Except as otherwise expressly set forth in this Agreement, the power and authority granted under this Section 1.6(e) will be exclusive.

(f) A Member shall automatically cease to be a Member upon Transfer of all of such Member's Membership Interests made pursuant to and in accordance with the terms of this Agreement. Immediately upon any such permissible Transfer, the Company shall cause such Member to be removed from Schedule 1 to this Agreement and to be substituted by the transferee or transferees in such Transfer, and, except as otherwise expressly provided for herein, such transferee or transferees shall be deemed to be a "Party" for all purposes hereunder and all references to the NiSource Member, the BIP Investor Member, or the VCOC Investor Member, as the case may be, shall be deemed to be references to such transferee or transferees (notwithstanding, in the case that more than one Person is a transferee of such Membership Interests, that such defined terms as used herein are singular in number).

Section 1.7 Powers. The Company shall have the power and authority to do any and all acts necessary or convenient to or in furtherance of the purposes described in Section 1.3, including all power and authority, statutory or otherwise, possessed by, or which may be conferred upon, limited liability companies under the Laws of the State of Delaware.

Section 1.8 Limited Liability Company Agreement. This Agreement shall constitute the "limited liability company agreement" of the Company for the purposes of the Act. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act in the absence of such provision, this Agreement shall control to the fullest extent permitted by the Act and other applicable Law.

Section 1.9 Issuance of Additional Membership Interests. Except for (a) the issuance of any Excluded Membership Interests or (b) the issuance of Membership Interests made pursuant to and in accordance with Section 5.1(c), Article VII, or as otherwise permitted herein, the Company shall not issue any new Membership Interests, or any securities convertible into Membership Interests or other equity interests of the Company, to any Third Party or to the Members other than in accordance with their respective Percentage Interests.

Section 1.10 No State Law Partnership. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. Nothing in this Section 1.10 shall control with respect to income tax treatment of the Company.

## Article II MANAGEMENT

### Section 1.1 Directors

. Subject to the provisions of the Act and any limitations in this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of a board of directors (the “Board” and each duly appointed and continuing member thereof from time to time, a “Director”), and no Member, by virtue of having the status of a Member, shall have any management power over the business and affairs of the Company or any actual or apparent authority to enter into Contracts on behalf of, or to otherwise bind, the Company. Without prejudice to such general powers, but subject to the same limitations, the Board shall be empowered to conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with applicable Law or this Agreement, as the Board shall deem to be in the best interest of the Company. Each Director is hereby designated as a “manager” of the Company within the meaning of Section 18-101 of the Act.

### Section 1.2 Number of Directors; Proportional Appointment Rights.

- (a) The authorized number of Directors constituting the Board shall be seven (7) Directors (the “Total Number of Directors”).
- (b) The BIP Investor Member shall, as of the Effective Date, be entitled to appoint two Directors, and the BIP Investor Member shall retain the right to appoint at least two Directors for so long as the Investor Members collectively hold at least a 17.5% Percentage Interest in the aggregate. In the event that the Investor Members’ aggregate Percentage Interest is reduced below 17.5% but remains at or above a 9.9% Percentage Interest, the BIP Investor Member shall retain the right to appoint one Director. In the event that the Investor Members’ aggregate Percentage Interest is reduced below 9.9%, the BIP Investor Member shall cease to be entitled to appoint a Director. Any Directors appointed by the BIP Investor Member are referred to herein as “Investor Directors”. The appointment of any particular proposed Investor Director shall be subject to the NiSource Member’s prior written consent of the identity of such individual prior to his or her appointment to the Board; provided however, that the NiSource Member shall not have any consent right over the appointment of a proposed Investor Director that is a Qualified Designee.
- (c) In the event that the Investor Members’ aggregate Percentage Interest decreases below 17.5% or 9.9%, as applicable, if the BIP Investor Member fails to remove an Investor Director concurrently with such decrease in the Investor Members’ aggregate Percentage Interest to be in compliance with the BIP Investor Member’s Director appointment rights set forth in Section 2.2(b), then the NiSource Member may remove such appropriate number of Investor Directors from the Board such that the BIP Investor Member is in compliance with its Director appointment rights set forth in Section 2.2(b), such removal being effective immediately.
- (d) The NiSource Member shall be entitled to appoint all of the remaining Total Number of Directors that the Investor Member is not entitled to appoint pursuant to Section 2.2(b). Directors appointed by the NiSource Member are referred to herein as “NiSource Directors”; provided, that any NiSource Director must be a Qualified Designee. The NiSource Member shall further be entitled to designate a NiSource Director to serve as the chairperson of the Board.
- (e) For so long as the BIP Investor Member is entitled to appoint an Investor Director, the BIP Investor Member shall be further entitled to designate the Board Observer or any other individual (provided, that such designee is a Qualified Designee) (the “Designated Alternate”) in its place and stead in the event that the Investor Director is unable to attend such meeting (or meetings of Board committees, if any pursuant to Section 2.12). The Designated Alternate will be entitled to exercise the powers of the Investor Director at such meetings, and will be subject to all of the responsibilities of an Investor Director hereunder at such meeting as if they were an Investor Director. The appointment of such Designated Alternate shall be subject to the same approval right of the NiSource Member applicable to the Investor Director under Section 2.2(b). If the Designated Alternate is serving in lieu of the Investor Director at

any Board or committee meeting, the BIP Investor Member shall provide written notice to the NiSource Member of this fact prior to the commencement of such meeting (which notice may be by way of an email to the NiSource Directors), and such notice shall be recorded in the minutes of such meeting. For the avoidance of doubt, any references to approval or notice by the Investor Director in this Agreement will be deemed to refer to the Investor Director, and not the Designated Alternate, except in respect of the voting on matters presented at the meeting at which the Designated Alternate is attending. In the event that the Designated Alternate is also a Board Observer, at any Board or committee meeting in which he or she is serving as the Investor Director pursuant to this Section 2.2(e), he or she shall be deemed to be serving only as an Investor Director and not as a Board Observer at such meeting.

### Section 1.3 Removal of Directors

. Any one or more Directors may be removed at any time, with or without cause, by the Member that appointed such Director, and except as provided in Section 2.2(c), may not be removed by any other means. If a Director is convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction), or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, then the Member that appointed such Director shall, unless consented to by the NiSource Member in the case of an Investor Director and by the BIP Investor Member in the case of a NiSource Director, promptly remove such Director. Delivery of a written notice to the Company by a Member designating for removal of a Director appointed by such Member shall conclusively and with immediate effect constitute the removal of such Director, without the necessity of further action by the Company, the Board, or by the applicable removed Director. Each Director duly appointed by a Member pursuant to and in accordance with the provisions of Section 2.2 shall hold office until his or her resignation, death, permanent disability, removal pursuant to and in accordance with Section 2.2 or with this Section 2.3, or until a successor Director is duly appointed by the Member that appointed (and continues to be entitled to appoint) such Director.

### Section 1.4 Vacancies

. A vacancy shall be deemed to exist in case of the resignation, death, permanent disability or removal of any Director. The Member entitled to appoint a Director to the vacant directorship may appoint or elect a Director thereto to take office (a) immediately, (b) effective upon the departure of the vacating Director, in the case of a resignation, or (c) at such other later time as may be determined by such Member.

### Section 1.5 Acts of the Board; Voting

. Except as otherwise expressly set forth in this Agreement (including Section 8.1), a vote of a majority of the Directors present at a duly called and noticed meeting of the Board at which a quorum is present shall be required to authorize or approve any action of the Board. Every act of or decision taken or made by the Directors pursuant to the vote required by this Section 2.5 shall be conclusively regarded as an act of the Board.

Section 1.6 Compensation of Directors. The Board shall have the authority to fix the compensation of Directors for their service to the Company, if any. The Board shall reimburse the Directors for their respective reasonable, documented out-of-pocket expenses incurred for attendance at meetings of the Board consistent with the Company's then-applicable policies related to travel and expenses for directors or executive officers (or, if none exists, such travel and expense policies of Parent). Nothing herein shall be construed to preclude any Director from serving the Company or any of its Affiliates in any other capacity and receiving compensation therefor.

### Section 1.7 Meetings of Directors; Notice

. Except as provided pursuant to Section 2.10, meetings of the Board, both regular and special, for any purpose or purposes may be called at any time by the Board or by the Company at the request of any Director, by providing at least seven calendar days' written notice to each Director unless the chairperson of the Board determines, acting reasonably, that there is a significant and time sensitive matter that requires shorter notice to be given, in which case a meeting of the Board may be called by

giving at least 48 hours' written notice to each Director. Regular Board meetings will be held quarterly. Each notice shall state the purpose(s) of and agenda for the meeting and include all required information, including dial-in numbers or other applicable access information, in order to participate in the meeting by telephonic means, over the internet or by means of any other customary electronic communications equipment. Unless otherwise agreed by unanimous consent of the Board, no proposal shall be put to a vote of the Board unless it has been listed on the agenda for such meeting. Notice of the time and place of meetings shall be delivered personally or by telephone to each Director, or sent by e-mail or other electronic communication to any Director. Any notice given personally or by telephone shall be communicated to the applicable Director. A Director may waive the notice requirement set forth in this Section 2.7 by any means reasonable in the circumstances, including by communication to one or more other Directors, and the presence of a Director at a meeting or the approval by a Director of the minutes thereof shall conclusively constitute a waiver by such Director of such notice requirement.

#### Section 1.8 Quorum.

(a) Except as otherwise expressly set forth herein, the presence (whether physical, telephonic, over the internet or by means of other customary electronic communications equipment) of a majority of the number of Directors then serving on the Board (without regard to the Total Number of Directors), including at least one Investor Director, at a meeting of the Board shall constitute a quorum of the Board for the transaction of all business thereat; provided, that if quorum fails at two (2) consecutive attempted meetings that are called pertaining to the same subject matter with proper notice due to the failure of the Investor Director(s) to attend, then at the third attempted meeting only a majority of the number of Directors then serving on the Board (without regard to the Total Number of Directors or the attendance of the Investor Director(s)) must be present in person, by telephone or other electronic means or by proxy in order to constitute a quorum for the transaction of business for purposes of conducting only those matters that were included on the agenda for the attempted meetings immediately preceding such third attempted meeting; provided, that, at least twenty-four (24) hours prior written notice of any rescheduled meeting is required to be provided to the other Directors.

(b) If a quorum is not present at any meeting of the Board, the Directors present at such meeting may adjourn the meeting, without notice other than announcement at the meeting.

#### Section 1.9 Place and Method of Meetings.

(a) Meetings of the Board may be held at any place, whether within or outside the State of Delaware or the State of Indiana, and meetings may be held, in whole or in part, by telephonic means, over the internet or by means of any other customary electronic communications equipment. The place at which (or, if applicable, the electronic communication methods by which) a meeting will be held may be specified in the applicable notice of the meeting.

(b) The Directors may participate in meetings of the Board by telephonic means, over the internet or by means of any other customary electronic communications equipment, and, to the fullest extent permitted by applicable Law, shall be deemed to be present at such meeting for all purposes, including for purposes of determining quorum and of voting.

#### Section 1.10 Action by the Board Without a Meeting

. Any action required or permitted to be taken by the Board may be taken without a meeting if a number of Directors the vote of whom would be minimally necessary to approve such action at a meeting of the Board shall individually or collectively consent in writing to such action; provided, that in order for such consent to be effective it shall have been provided to all Directors at least forty-eight (48) hours prior to its stated effectiveness, unless such prior notice is waived in writing by the Directors taking any such written action which includes at least one (1) Investor Director. Notwithstanding the foregoing, no action set forth in Section 8.1 that requires the consent of the BIP Investor Member shall be effected by written action entered into pursuant to this Section 2.10 without the BIP Investor Member's written consent. Any written actions of the Board may be in counterparts and transmitted by e-mail and shall be filed with the minutes of the proceedings of the Board. Such written actions shall have the same force and effect as a vote of the Board.

Section 1.11 Duties of Directors. Other than as set forth in Section 9.3, each member of the Board shall have fiduciary duties identical to those of directors of a business corporation organized under the General Corporation Law of the State of Delaware and except to the extent not permitted by applicable Law, no member of the Board shall be personally liable to the Company or its Members for monetary damages for breach of its fiduciary duties in such capacity. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Board, otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of the Board.

Section 1.12 Committees. The Board may create one or more committees of the Board, delegate responsibilities, duties and powers to such one or more committees, and appoint Directors to serve thereon. Each Director appointed to serve on any such committee shall serve at the pleasure of the Board, or otherwise in accordance with the terms of the resolution designating the applicable committee. Section 2.4, Section 2.7, Section 2.8, Section 2.9 and Section 2.10 shall each apply to any committee of the Board with the same terms applicable to the Board, *mutatis mutandis*. For each committee of the Board, the Board shall designate one Investor Director to serve on each such committee so long as the BIP Investor Member is entitled to appoint a Director pursuant to Section 2.2.

Section 1.13 Investor Member Board Observer

. The BIP Investor Member shall be entitled to appoint one Person (which shall be an individual) to serve as an observer of the Board (the "Board Observer") for so long as (i) the BIP Investor Member is entitled to appoint only one (1) Investor Director, but in no event when the BIP Investor Member is entitled to appoint two (2) Investor Directors or (ii) the Investor Members' aggregate Percentage Interest is greater than or equal to 4.9% but in no event if the BIP Investor Member is entitled to appoint two (2) Directors, the identity of whom shall be subject to the prior written consent of the NiSource Member. The Board Observer shall have the right to receive notice of, attend and participate in all meetings of the Board (and any committee thereof) and to receive all information provided to Directors at the same time and in the same manner as provided to such Directors; provided, however, that the Company and the Board will be entitled to withhold access to any portion of the information and to exclude the Board Observer from any portion of any meeting of the Board (or any committee thereof) if the Company or the Board determines in good faith in reliance upon the advice of counsel that access to such information or attendance at such meeting (i) is reasonably necessary to preserve an attorney-client privilege of the Company or the Board or (ii) otherwise implicates any conflict of interest between any Investor Member, on the one hand, and a particular matter or transaction under consideration by the Board, on the other hand; provided, however, that the BIP Investor Member shall be notified of any intent to exclude the Board Observer in reliance on clause (ii) above in advance of any meeting from which the Board Observer is to be excluded to the extent reasonably practicable; provided, further, that, any Board Observer that is excluded shall only be excluded for such portion of the meeting during which such conflicted matter or transaction is being discussed. For the avoidance of doubt, the Board Observer shall not have any voting rights with respect to any matter brought before the Board and shall not be counted in any manner with respect to whether a quorum is present at a meeting of the Board, and (without limiting the Company's obligations to provide the Board Observer with notice of meetings of the Board and any committee thereof as set forth in this Section 2.13) no defect in the provision of notice to the Board Observer of any meeting of the Board shall be construed to constitute a defect in the provision of notice to Directors. The Board Observer shall be bound by the same confidentiality obligations as the Directors as set forth in Section 9.6. The BIP Investor Member may cause the Board Observer to resign or appoint a replacement Board Observer from time to time by giving written notice to the Company. In the event that the Investor Members' aggregate Percentage Interest becomes less than 4.9%, the BIP Investor Member's rights under this Section 2.13 shall immediately cease. For the avoidance of doubt, the sole purpose of this Section 2.13 is to provide observation rights (subject to the limitations and conditions set forth in this Section 2.13) to an individual Representative of the BIP Investor Member, and in no event will any Board Observer be construed to be a third-party beneficiary of this Agreement, an agent of the Company of any kind or for any purpose, or have any other claim against the Company or the Members in relation to any matter whatsoever.

Section 1.14 Related Party Matters.

(a) The Parties acknowledge that certain Affiliates of the Company provide various services to the Company and its Subsidiaries and that all of such services shall continue in the ordinary course of business. All agreements between any member of the Outside Group, on the one hand, and the Company Group, on the other hand, (such transactions, “Affiliate Agreements”), shall be (i) entered into and carried out in a manner that, except as may be required by any applicable Law or Order, is (A) consistent with past practices and the corporate allocation and affiliate transaction policies of the Outside Group in effect at such time and (B) on terms and conditions that are pursuant to the corporate allocation policies and affiliate transaction policies of the Outside Group as of such time to the extent that they are non-discriminatory against the Company and its Subsidiaries and are generally consistent with the corporate allocation policies and affiliate transaction policies of the Outside Group, (ii) entered into and carried out in accordance with the requirements of any applicable Law or Order (including, for the avoidance of doubt, on such terms and conditions as may be required to obtain the approval of the applicable Governmental Body in respect of such transaction) and (iii) if applicable pursuant to Section 8.1, approved by the Board. Notwithstanding anything to the contrary in this Agreement, except as required by applicable Law, the NiSource Member shall ensure during the term of this Agreement that any methodologies used to allocate costs to the Company Group (i) are and will be consistently applied to other members of the Outside Group in a manner that does not have a disproportionate adverse impact on the Company or any of its Subsidiaries as compared to any member of the Outside Group and (ii) would not result in any fines or penalties that are imposed on any member of the Outside Group being allocated to the Company or any of its Subsidiaries. The NiSource Member shall also use commercially reasonable efforts to ensure corporate separateness from the NiSource Member and the other members of the Outside Group in a manner and consistent with the Company Group’s and the Outside Group’s respective past practices and applicable Law and Orders. The NiSource Member shall continue to audit its corporate services annually by its then current auditor in the ordinary course and shall share such audit with the BIP Investor Member (including any work papers and other supporting documentation reasonably requested by the BIP Investor Member (subject to its prior execution of a customary non-reliance letter agreement to the extent requested by such auditor)).

(b) Each of the Investor Members acknowledges and agrees that (i) the Company Group and the Outside Group has prior to the Effective Date engaged in Affiliate Agreements, and will, pursuant to and in accordance with the provisions of Section 2.14(a), from and after the Effective Date engage in new Affiliate Agreements, subject to the BIP Investor Member’s approval rights under Section 8.1 (if applicable) and (ii) all services provided by any member of the Outside Group to any member of the Company Group as of the Effective Date and (iii) the promissory notes held or payable by the Company’s Subsidiary, Northern Indiana Public Service Company LLC (“NIPSCO”), payable to NiSource Development Company, Inc. (the “NiSource Notes”) shall or will remain outstanding and be payable in accordance with their terms or sooner as the Board determines in good faith is appropriate.

(c) In the event the Company and/or the NiSource Member becomes aware of any material breach or material default (it being understood that, for purposes of this clause (c), a breach or default will be deemed to be “material” if the reasonably expected amount of damages that would be sustained by the Company and its Affiliates as a result of such breach or default, or series of related breaches or defaults, would exceed \$30,000,000 in the aggregate, subject to an annual increase by the CPI Escalator) by any member of the Company Group or Outside Group under any Affiliate Agreement (an “Affiliate Agreement Default”), the Company and/or the NiSource Member, as applicable, shall promptly, but in any event within ten (10) Business Days after becoming aware of such Affiliate Agreement Default, send a written notice (an “Affiliate Agreement Default Notice”) to the Company and the BIP Investor Member setting forth in reasonable detail the nature of such Affiliate Agreement Default and the reasonable estimate of the current and future anticipated losses associated with such Affiliate Transaction Default (to the extent feasible to make a reasonable estimate at such time). After delivery of such Affiliate Agreement Default Notice to the BIP Investor Member, the Company (and, if the Company did not provide the Affiliate Agreement Default Notice, the NiSource Member) shall promptly provide the BIP Investor Member with any additional information reasonably requested by the BIP Investor Member and available to the NiSource Member relating to such Affiliate Agreement Default. The defaulting party under such Affiliate Agreement shall have (i) twenty (20) Business Days following the expiration of the applicable cure period in respect of such Affiliate Agreement, to fully cure any monetary Affiliate Agreement Default, and (ii) sixty (60) days following the expiration of the applicable cure period in respect of such Affiliate Agreement, to fully cure any non-monetary Affiliate Agreement Default, subject

to and consistent with applicable Law and Orders, if capable of being cured. In the event that any material alleged Affiliate Agreement Default is not timely cured in accordance with the preceding sentence, the BIP Investor Member shall have the sole right to cause the Company and its Subsidiaries to take, or refrain from taking, any actions in connection with the enforcement of or compliance with the rights or obligations of the Company or any of its Subsidiaries under the terms of the applicable Affiliate Agreement. In addition to, and not in limitation of, the foregoing provisions of this Section 2.14(c), the Company shall notify the BIP Investor Member prior to, or within ten (10) days following, its execution of any new Affiliate Agreement or any material amendment to any Affiliate Agreement setting forth in reasonable detail the nature of such new Affiliate Agreement or such amendment and, upon request from the BIP Investor Member, shall provide copies of all Contracts relating to such new Affiliate Agreement or such amendment within five (5) Business Days of such request.

### **Article III OFFICERS**

#### Section 1.1 Appointment and Tenure.

(a) The Board may, from time to time, designate officers of the Company to carry out the day-to-day business of the Company.

(b) The officers of the Company shall be comprised of one or more individuals designated from time to time by the Board. Each officer shall hold his or her office for such term and shall have such authority and exercise such powers and perform such duties as shall be determined from time to time by the Board. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the officers shall be fixed from time to time by the Directors.

(c) The officers of the Company may consist of a president, a secretary and a treasurer. The Board may also designate one or more vice presidents, assistant secretaries and assistant treasurers. The Board may designate such other officers and assistant officers and agents as the Board may deem necessary or appropriate.

#### Section 1.2 Removal

. Any officer may be removed as such at any time by the Board, either with or without cause, in its discretion, subject to the consultation right of the BIP Investor Member set forth in Section 8.2.

#### Section 1.3 President

. The president, if one is designated, shall be the chief executive officer of the Company, shall have general and active management of the day-to-day business and affairs of the Company as authorized from time to time by the Board, and shall be authorized and directed to implement all actions, resolutions, initiatives and business plans adopted by the Board.

#### Section 1.4 Vice Presidents

. The vice presidents, if any are designated, in the order of their election, unless otherwise determined by the Board, shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe.

#### Section 1.5 Secretary; Assistant Secretaries

. The secretary, if one is designated, shall perform such duties and have such powers as the Board may from time to time prescribe. The assistant secretaries, if any are designated, and unless otherwise determined by the Board, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 1.6 Treasurer; Assistant Treasurers

. The treasurer, if one is designated, shall have custody of the Company's funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated from time to time by the Board. The treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render the president and the Board, when so directed, an account of all of his or her transactions as treasurer and of the financial condition of the Company. The treasurer shall perform such other duties and have such other powers as the Board may from time to time prescribe. If required by the Board, the treasurer shall give the Company a bond of such type, character and amount as the Board may require. The assistant treasurers, if any are designated, unless otherwise determined by the Board, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 1.7 Duties of Officers. Other than as set forth in Section 9.3 with respect to any Representative of Parent or its Affiliates who is also an officer of the Company, each officer of the Company (in such individual's capacity as an officer) will owe the Company, its Subsidiaries and the Members such fiduciary duties that apply to officers of a Delaware corporation. No provision of this Agreement will be deemed to limit or eliminate such fiduciary duties.

**Article IV**  
**DEFAULT; DISSOLUTION**

Section 1.1 Events of Default

. The following shall constitute events of default (each, an "Event of Default") by the applicable Member under this Agreement:

(a) any material breach of this Agreement by such Member;

(b) any failure by such Member to make any Mandatory Capital Contribution pursuant to and in accordance with a Capital Request Notice issued pursuant to Section 5.1 or, with respect to an Additional Funding Requirement (other than a Mandatory Capital Contribution), a duly authorized officer of each of the Investor Members has affirmed in writing that such Investor Member would make such Additional Funding Requirement in its Response to Capital Call but failed to do so within the time period set forth in Section 5.1, in any case any such failure to fund by any Investor Member shall be deemed to be a failure to fund by all of the Investor Members;

(c) any purported Transfer by such Member made other than pursuant to and in accordance with the terms and conditions of this Agreement; and

(d) the filing of a petition seeking relief, or the consent to the entry of a decree or Order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by such Member or by any of its controlling Affiliates.

Section 1.2 Default Notice

. If an Event of Default occurs, then any Member (other than the Defaulting Member) may deliver to the Company and to the Member subject to the Event of Default (the "Defaulting Member"; provided, that at any time the Defaulting Member is an Investor Member, then both Investor Members shall be deemed Defaulting Members until such Investor Member ceases to be a Defaulting Member according to the terms of this Agreement) a notice of the occurrence of such Event of Default, setting forth the circumstances of such Event of Default. If, within thirty (30) days following the delivery of such notice (or, with respect to an Event of Default set forth in Section 4.1(b), ten (10) days), the Defaulting Member has not cured the event giving rise to the Event of Default (if capable of being so

cured), the provisions of this Agreement applicable to a “Defaulting Member” shall apply to such Defaulting Member and, in addition to any other rights and remedies provided under this Agreement, (i) if the Defaulting Member is an Investor Member, the Defaulting Member’s voting rights, including its approval rights in Section 8.1, shall be suspended and (ii) any net Available Cash required to be distributed to the Defaulting Member shall instead be distributed to the non-Defaulting Members, or the Company, as applicable, if such breach is capable of being cured by the payment of such amounts which such clauses (i) and (ii) shall apply as applicable (and such Member shall be considered a “Defaulting Member”) until the applicable Event of Default and the material effects thereof have been cured (if capable of being so cured).

### Section 1.3 Dissolution.

(a) Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the Company shall dissolve, and its affairs shall be wound up, upon either (i) the approval by the Board and the written consent of all of the Members or (ii) the entry of a decree of judicial dissolution under Section 18-802 of the Act (each, an “Event of Dissolution”).

(b) Upon the occurrence of an Event of Dissolution, the Company will continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Members. No Member, acting in its capacity as such, will take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company’s business and affairs. All covenants contained and obligations provided for in this Agreement will continue to be fully binding upon the Members until such time as the property of the Company has been distributed pursuant to Section 5.3 and the certificate of formation of the Company has been canceled pursuant to the Act.

(c) After the occurrence of an Event of Dissolution, and after all of the Company’s debts, liabilities and obligations have been paid and discharged or adequate reserves have been made therefor and all of the remaining assets of the Company have been distributed to the Members, the Company shall make necessary resolutions and filings to dissolve the Company under the Act.

## **Article V CAPITAL CONTRIBUTIONS; DISTRIBUTIONS; ALLOCATIONS**

### Section 1.1 Capital Contributions.

(a) If the Board determines that it is in the best interests of the Company to obtain additional equity capital for purposes of (i) developing, acquiring or maintaining Qualifying Core Assets or funding ordinary course operations of the Company Business, (ii) satisfying the Company’s obligations to Third Parties (including in respect of the Indebtedness of the Company Group or under any Contract), (iii) complying with applicable Law or Order, or (iv) funding any Emergency Expenditures (any such determination by the Board an “Additional Funding Requirement”), then the Board may direct the Company to submit to the Members a written capital funding request notice (a “Capital Request Notice”), which Capital Request Notice shall set forth (A) the anticipated amount of, and the reason for, such Additional Funding Requirement, (B) each Member’s requested share of such Additional Funding Requirement, which with respect to each Member shall equal such Member’s Percentage Interest multiplied by the aggregate amount of the Additional Funding Requirement (such share, the “Pro Rata Request Amount”) and (C) the funding date for such Additional Funding Requirement (the “Capital Request Funding Date”), which Capital Request Funding Date shall not be earlier than forty-five (45) days following the date on which such Capital Request Notice is delivered to the Members except for any Capital Request Notices pertaining to Emergency Expenditures in which case the Capital Request Funding Date shall not be earlier than ten (10) Business Days. Any Additional Funding Requirements for the period from the Investment Closing Date and including the date that is three (3) years from the Investment Closing Date and which do not exceed the Maximum Investor Commitment shall be a “Mandatory Capital Contribution”. Any Additional Funding Requirement shall require each Member to contribute its Pro Rata Request Amount; provided, that any obligations of the Investor Members under this Section 5.1(a) to contribute their respective Pro Rata Request Amounts shall be joint and several. Requests for additional equity capital other than pursuant to a Mandatory Capital Contribution shall be determined by the Board and each Member may, but shall not be obligated to, contribute its Pro Rata

Request Amount as called for in the applicable Capital Request Notices; provided, that in the event the BIP Investor Member elects to contribute its Pro Rata Request Amount as called for in the applicable Capital Request Notice and the VCOC Investor Member elects not to contribute its Pro Rata Request Amount, then the BIP Investor Member shall be required to fund the total Pro Rata Request Amount for the Investor Members, including such Pro Rata Request Amount allocated to the VCOC Investor Member. For the avoidance of doubt, other than (i) a Mandatory Capital Contribution pursuant to this Section 5.1, (ii) the joint and several obligations of the Investor Members to contribute their respective Pro Rata Request Amounts as set forth in this Section 5.1 and (iii) any obligation of the BIP Investor Member to fund on any Pro Rata Request Amount allocated to the VCOC Investor Member pursuant to the immediately the preceding sentence, no Member shall have any obligation to fund any such requests for additional equity capital unless such Member indicates it will do so in accordance with this Section 5.1. Upon the receipt of a Capital Request Notice, each Member shall, within twenty (20) days of such receipt, provide written notice to the Company and the other Members as to the extent to which such Member intends to fund its Pro Rata Request Amount, whether in whole, in part or not at all (a “Response To Capital Call”). If one Member indicates in its Response To Capital Call that it does not intend to fund its Pro Rata Request Amount in full, and any other Member had, prior thereto, submitted a Response To Capital Call indicating that it intends to fund a greater percentage than any such other Member of its Pro Rata Request Amount, then any such other Member will be entitled to amend its Response To Capital Call to reduce its percentage funding to an amount representing a percentage of its Pro Rata Request Amount not less than the lower percentage indicated in the other Member’s Response to Capital Call; provided, that no Investor Member shall be entitled to reduce its percentage funding pursuant to this sentence if the Member that indicated its intent not to fund its Pro Rata Request Amount in full is an Investor Member. If no Response to Capital Call is received within such twenty (20) days, the Member shall be deemed to have elected to not fund.

(b) If any Member refuses or fails to make all or any portion of its Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date (such Member, the “Non-Contributing Member”, and the unfunded amount, the “Unfunded Amount”), then the Company shall provide written notice thereof to the other Member(s) (the “Contribution Unfunded Amount Notice”); provided, that if the Non-Contributing Member is an Investor Member, the Investor Members jointly shall be deemed the Non-Contributing Member and all references in this Section 5.1(b) to the Pro Rata Request Amount of the Non-Contributing Member shall refer to the aggregate Pro Rata Request Amount of both Investor Members combined, and:

(i) Excess Contribution. To the extent that the Non-Contributing Member contributes a portion (but less than all) of its Pro Rata Request Amount, and any other Member who is not a Non-Contributing Member (an “Over-Contributing Member”) has contributed a greater percentage of its Pro Rata Request Amount than the Non-Contributing Member, such Over-Contributing Member shall have the right to elect (which election shall be made by written notice to the Company and the other Members no later than 10 Business Days following the date of the Contribution Unfunded Amount Notice and any may consist of any combination thereof) to (A) receive a special distribution of the amount of such excess (the “Excess Contribution”), such that the Excess Contribution is returned to such Over-Contributing Member (and the Company shall cause such special distribution to be made as promptly as practicable), (B) have the portion of such Excess Contribution that would have been the Non-Contributing Member’s share thereof treated as a loan to the Company (consistent with the methodology in clause (ii)(A), below), or (C) except in the event that the Non-Contributing Member is the NiSource Member, have the portion of such Excess Contribution that would have been the Non-Contributing Member’s share thereof treated as a contribution to capital (consistent with the methodology in clause (ii)(B) below).

(ii) Top-Up Right. A Member that has paid its full Pro Rata Request Amount (the “Contributing Member”; provided, that no Investor Member may be a Contributing Member if the other Investor Member has not paid its full Pro Rata Request Amount unless an Investor Member has funded the full Pro Rata Request Amount of any other Investor Member on behalf of such Investor Member) shall have the right (but not the obligation) to elect (which election shall be made by written notice to the Company and the other Members no later than ten (10) Business Days following the receipt of the Contribution Unfunded Amount Notice) to contribute any portion of the Unfunded Amount in accordance with this Section 5.1(b) either (A) as a loan to the Company, or (B) except in the event that the Non-

Contributing Member is the NiSource Member, as a capital contribution to the Company (or as any combination thereof as the Contributing Member elects) in accordance with the following procedures:

(A) Loan. The Contributing Member may elect to advance all or a portion of the Unfunded Amount to the Company on behalf of the Non-Contributing Member, which advance shall be treated as a loan by the Contributing Member to the Company (an “Unfunded Amount Loan”) at an interest rate equal to a floating rate equal to the Wall Street Journal Prime Rate plus 0.75% per annum. Subject to the terms of this Agreement, each Unfunded Amount Loan shall be repaid out of any subsequent distributions made pursuant to Section 5.2 to which the Non-Contributing Member would otherwise be entitled under this Agreement, and such payments shall be applied first to the payment of accrued but unpaid interest on each such Unfunded Amount Loan and then to the payment of the outstanding principal, until such Unfunded Amount Loan is paid in full.

(B) Capital Contribution. Except in the event that the Non-Contributing Member is the NiSource Member, the Contributing Member may elect to contribute an amount equal to all or a portion of the Unfunded Amount to the Company. If the Contributing Member elects to contribute to the Company all or a portion of the Unfunded Amount, then, on or after the earlier of the date that the Non-Contributing Member indicates it will not cure the failure to fund its full Pro Rata Request Amount and the thirtieth (30<sup>th</sup>) day following the date of the Contribution Unfunded Amount Notice, the Company shall issue to the Contributing Member the amount of additional Membership Interests that can be purchased for such funded amount at a price per Membership Interest equal to 90% of the Fair Market Value of the Company (measured as of the date that such contribution is to be made) per Membership Interest until the NiSource Member has purchased up to \$250,000,000 of additional Membership Interests pursuant hereto, and thereafter at Fair Market Value of the Company, and the Contributing Member’s and the Non-Contributing Member’s respective Percentage Interests will be adjusted accordingly. For the avoidance of doubt, this subsection shall in all respects not be subject to the rights and procedures set forth in Section 7.1.

(C) Cure Right. Notwithstanding anything to the contrary in this Section 5.1, on or before the thirtieth (30<sup>th</sup>) day following the date of the Contribution Unfunded Amount Notice, a Non-Contributing Member may make a contribution to the Company equal to the sum of the Unfunded Amount plus, if the Contributing Member already made an Unfunded Amount Loan in respect of such Unfunded Amount, any interest accrued on the Unfunded Amount Loan, following which (1) the Unfunded Amount advanced by the Contributing Member to the Company together with any such interest shall be paid to the Contributing Member, and (2) the former Non-Contributing Member shall be deemed to have cured its failure to pay the Pro Rata Request Amount prior to the Capital Request Funding Date with respect to the applicable Capital Request Notice.

For the avoidance of doubt, the remedies set forth in this Section 5.1(b)(ii)(C) shall not apply to an Event of Default by the NiSource Member.

(c) If the Non-Contributing Member is an Investor Member and it refuses or fails to make its full Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date and the Contributing Member has not fully funded the Unfunded Amount in accordance with Section 5.1(b), then on or after the thirtieth (30<sup>th</sup>) day following the date of the applicable Contribution Unfunded Amount Notice, the Board may authorize the Company to seek additional equity funds on commercially reasonable terms from a Third Party in an amount up to the difference between the total Additional Funding Requirement requested and the total funds received by the Company from the Non-Contributing Member and the Contributing Member (including any additional funds that the Contributing Member may have contributed pursuant to Section 5.1(b)), and to issue Membership Interests to Third Parties in connection therewith pursuant to this Section 5.1(c). The terms and rights of the Membership Interests issued pursuant to this Section 5.1 must be on terms no better than the Membership Interests that would have been issued to the applicable Member had they been a Contributing Member. If the Board determines to seek additional equity funds from and issue Membership Interests to a Third Party pursuant to this Section 5.1(c), then the Company must

consummate such issuance within 180 days following the Capital Request Funding Date. If such issuance is not consummated within such 180-day period, then the Company's right to so issue Membership Interests to a Third Party in connection with the applicable Additional Funding Requirement shall be lapsed, and the Company shall not thereafter issue any Membership Interests to a Third Party in connection with such Additional Funding Requirement; provided, that, if a definitive agreement providing for such issuance is executed prior to the expiration of such 180-day period but the issuance has not been consummated at the expiration of such period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such issuance, then such period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of such original expiration date and the consummation of the issuance provided for in such definitive agreement; provided, further, that the Company shall have used its reasonable best efforts in seeking such authorizations, approvals and consents. Upon the completion of such issuance of Membership Interests pursuant to this Section 5.1(c), the Company shall give written notice to the Members of such issuance, which notice shall specify (i) the total number of new Membership Interests issued, (ii) the price per Membership Interest at which the Company issued the Membership Interests, and (iii) any other material terms of the issuance. Upon the issuance of new Membership Interests pursuant to this Section 5.1(c), the Contributing Member's and Non-Contributing Member's respective Percentage Interests will be adjusted accordingly. In no event shall any such issuance be subject to Section 7.1 or 8.1.

(d) If a Member does not make a Mandatory Capital Contribution or indicates in its Response to Capital Call that it shall make its Pro Rata Request Amount but then does not fund such amounts, such Member shall be a Defaulting Member; provided, that at any time the Defaulting Member is an Investor Member, then both Investor Members shall be deemed Defaulting Members until such Investor Member ceases to be a Defaulting Member according to the terms of this Agreement.

(e) In the event that there is an Investor Call Trigger, the NiSource Member (or its Affiliate) may (but is not required to), at its option at any time, acquire all (but not less than all) of the Membership Interests held by the Investor Members (the "Call Right") by giving written notice (the "Call Notice") to the BIP Investor Member of its election to exercise the Call Right; provided, that, other than with respect to clause (ii) or (iii) of the definition of Investor Call Trigger, the applicable Investor Member shall have sixty (60) days following the Call Notice to cure the event giving rise to the Call Notice, if capable of being so cured (the "Cure Period"). The purchase price payable by the NiSource Member in connection with the exercise of the Call Right shall be equal to the product of (i) with respect to an Investor Call Trigger pursuant to clause (i) of the definition thereof, 90% of the Fair Market Value of the Company, (ii) with respect to an Investor Call Trigger pursuant to clause (ii) of the definition thereof, 100% of the Fair Market Value of the Company and (iii) with respect to an Investor Call Trigger pursuant to clause (iii) of the definition thereof, the greater of 100% of the Fair Market Value of the Company or such amount which would satisfy the Spin Return Threshold (in each case, measured as of the date of the delivery of the Call Notice to the BIP Investor Member), multiplied (ii) by a fraction, (A) the numerator of which is the number of Membership Interests that the Investor Members own in the aggregate at such time and (B) the denominator of which is the total number of Membership Interests then outstanding (the amount equal to such product, the "Call Exercise Price"). If the Call Right is exercised by the NiSource Member, each of the Parties shall take all actions as may be reasonably necessary to consummate the transactions contemplated by this Section 5.1(e) as promptly as practicable, but in any event not later than thirty (30) days after the end of the Cure Period, or so long as necessary to obtain all required authorizations, approvals, or consents (such period, the "Call Consummation Period"), including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary; provided, that, with respect to an Investor Call Trigger pursuant to clause (iii) of the definition thereof, the closing of the Call Right shall occur concurrently with or immediately prior to the underlying spin-off, split-off or similar transaction giving rise to the Call Right. If either Investor Member fails to take all actions necessary to consummate the Transfer of the Membership Interests held by it in accordance with this Section 5.1(e) prior to the expiration of the Call Consummation Period, then the Investor Members jointly shall be deemed to be in material breach of this Agreement for purposes of Article IV and for all other purposes hereunder, shall be deemed a Defaulting Member, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the NiSource Member to be the Investor Members' agent and

attorney to execute all necessary documentation and instruments on its behalf to Transfer the Investor Member's Membership Interests to the Company as the holder thereof, in each case consistent with the provisions of this Section 5.1(e). At the consummation of any purchase and sale pursuant to this Section 5.1(e), the Investor Members shall sell to the NiSource Member all of the Membership Interests owned by the Investor Members in exchange for the Call Exercise Price. Contemporaneously with its receipt from the NiSource Member of the Call Exercise Price, the Investor Members shall Transfer to the NiSource Member all of the Membership Interests owned by the Investor Members, free and clear of all Liens. The Members and the Company acknowledge and agree that they shall cooperate reasonably to obtain any necessary authorization, approval or consent of any Governmental Body to consummate the transactions contemplated by this Section 5.1(e). For the avoidance of doubt, in the event the Call Right is exercised, the BIP Investor Member may request the Fair Market Value be determined in accordance with Section 13.15, regardless of the Investor Members' aggregate Percentage Interest at such time.

(f) The BIP Investor Member has delivered to the Company on the Investment Closing Date the Equity Commitment Letter. In the event that either Investor Member fails to make any Mandatory Capital Contribution from the Investment Closing Date to and including the third (3<sup>rd</sup>) anniversary of the Investment Closing Date, and so long as the Maximum Investor Commitment has not been fully paid, the Company shall be entitled to enforce the Equity Commitment Letter for any portion of the Investor Members' aggregate Pro Rata Request Amount, in addition to the other remedies provided herein (with the Directors appointed by the BIP Investor Member abstaining from determining any such enforcement).

(g) Notwithstanding anything contained herein to the contrary, to the extent the Company has not distributed one hundred percent (100%) of the Purchase Price (as defined in the PSA) to the NiSource Member prior to the Effective Date (any such shortfall, the "NiSource Shortfall Amount"), the NiSource Member shall have no obligation with respect to any Additional Funding Requirement pursuant to Section 5.1(a) unless or until the cumulative amount of any Additional Funding Requirement otherwise imposed upon the NiSource Member exceeds the NiSource Shortfall Amount, if any. For the avoidance of doubt, the NiSource Shortfall Amount, if any, shall in no way affect the Members' Percentage Interests herein, and the NiSource Shortfall Amount, if any, shall not be Available Cash subject to distribution to the Members pursuant to Section 5.2.

#### Section 1.2 Distributions Generally.

(a) Except as otherwise provided herein and subject to Section 5.2(b), Section 5.2(c), and the Act, no later than seventy-five (75) days after the end of each fiscal quarter, the Company shall make distributions in cash of all its Available Cash in respect of such fiscal quarter. The Company may make such other more frequent distributions (including interim distributions) at such times and in such amounts as the Board may determine.

(b) Except as otherwise provided herein, all distributions shall be paid to the Members only in cash and in the same proportion as their respective Percentage Interest; provided, that, in the case of distributions to be paid in respect of any period during which the Percentage Interest of the Members changed, such distributions shall be prorated to reflect the Percentage Interest of the Members on each day of such measurement period, and the Company and the Members shall take such action as necessary to effectuate such proration.

(c) With respect to each taxable year, at such times necessary to allow the Members to timely satisfy all of their U.S. federal, state and local and non-U.S. tax liabilities, prior to any distributions pursuant to Section 5.2(a) and subject to Available Cash and any restrictions contained in any loan agreement or other contract to which the Company is a party or by which it is bound, the Company shall make cash distributions ("Tax Distributions") to each Member equal to such Member's quarterly Assumed Tax Liability determined based on the Board's good faith estimate of the projected Profits for such taxable year; provided, however, that to the extent a Member would otherwise be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 5.2(c) on any given date, then the Tax Distributions to such Member shall be increased, as necessary, to ensure that all such Tax Distributions made pursuant to this Section 5.2(c) are made pro rata in accordance with the Members' respective Percentage Interests. The Company and the Board shall not have any liability to any Member for penalties arising from non-payment or incorrect estimates of such

Member's estimated tax payments. Any distributions made pursuant to this Section 5.2(c) shall be treated for purposes of this Agreement as having been distributed pursuant to Section 5.2(a) and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 5.2(a). To the extent the Company does not have sufficient funds and thereby is unable to pay to the Members the full amount of any Tax Distribution otherwise payable pursuant to this Section 5.2(c), the Company shall pay the amount of such shortfall to the Members (pro rata, in accordance with the amount of any such shortfall then owing to such Members) as promptly thereafter as such funds become available. If with respect to any taxable year, the aggregate amount of distributions made to a Member under this Section 5.2(c) is in excess of the amount that would result from the application of this Section 5.2(c) to the entire taxable year, then the amount of such excess shall be treated as an advance against, and shall reduce the amount of, any future distributions made with respect to such Member pursuant to this Section 5.2(c), but shall not reduce Tax Distributions made to a Member to provide such Member with its pro rata Percentage Interest of Tax Distributions.

(d) Notwithstanding the terms of this Section 5.2 and any other provision of this Agreement, (i) the Company shall not make any distribution to any Member on account of its Membership Interests to the extent such distribution would violate the Act, other applicable Law or an Order, and (ii) a Member may direct the payment of part or all of any distribution to another Person by providing written notice of such direction to the Company.

Section 1.3 Distributions upon the Occurrence of an Event of Dissolution. Upon the occurrence of an Event of Dissolution, the Board will proceed, subject to the provisions herein, to wind up the affairs of the Company, liquidate and distribute the remaining assets of the Company (provided, however, that all distributions shall be paid to the Members only in cash and in accordance with the following order of priority: (i) first, to the NiSource Member to the extent the NiSource Shortfall Amount, if any, exceeds the cumulative amount of any Additional Funding Requirement otherwise imposed upon the NiSource Member pursuant to Section 5.1(a), and (ii) second, to the Members in accordance with their Percentage Interests) and apply the proceeds of such liquidation in the order of priority in accordance with Section 18-804 of the Act or as may otherwise be agreed to by the Members; provided, however, that notwithstanding anything contained herein to the contrary, the NiSource Notes shall be paid first. If the assets of the Company remaining after the payment or discharge of all debts and liabilities of the Company are insufficient to return capital contributions of each Member, such Member shall have no recourse against the Company or any other Member.

#### Section 1.4 Capital Accounts.

(a) A separate Capital Account for each Member shall be established on the books and records of the Company in compliance with Section 704(b) of the Code and the Treasury Regulations. The initial Capital Accounts of each Member are set forth on Schedule 1. This Section 5.4(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Treasury Regulation, as determined by the Board in its reasonable discretion.

(b) No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 1.5 Withdrawal of Capital; Interest. Except as expressly provided in this Agreement, (a) no Member may withdraw capital or receive any distributions from the Company and (b) no interest shall be paid by the Company on any capital contribution or distribution.

#### Section 1.6 Allocation of Profits and Losses.

(a) Subject to Section 5.6(b), and after the application of the allocation rules in Section 5.7, Profits and Losses and, if the Board in its discretion determines it to be necessary, individual items thereof, for an Allocation Year (or other relevant period) shall be allocated among the Members for such Allocation Year (or other relevant period) in a manner determined by the Board so as to produce, as

nearly as possible, the sum of (a) the Capital Account balance for each Member at the end of such Allocation Year (or other relevant period) and (b) such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, if any, equal to the hypothetical cash that would be distributed to such Member if (x) the Company were dissolved, its affairs wound up and its assets sold for an amount of hypothetical cash equal to the sum of the Gross Asset Values of the assets at the end of such Allocation Year (or other relevant period), (y) the Company paid all of its liabilities in accordance with their terms up to the amount of the hypothetical cash (limited with respect to each Nonrecourse Liability to the Gross Asset Value of the asset securing such liability), and (z) the remaining hypothetical cash from the deemed sale were immediately distributed to the Members in accordance with Section 5.3.

(b) Notwithstanding the foregoing provisions of Section 5.6(a), the Losses (or items of expense or deduction or loss) allocated pursuant to Section 5.6(a) shall not exceed the maximum amount that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Year (or other relevant period). In the event some, but not all, of the Members would have an Adjusted Capital Account Deficit as a consequence of an allocation of Losses pursuant to Section 5.6(a), the limitation set forth in this Section 5.6(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member under Treasury Regulations Section 1.704-1(b)(2)(ii)(d). All Losses (or items of expense or deduction or loss) in excess of the limitation set forth in this Section 5.6(b) shall be allocated to other Members in accordance with the positive balances in such Members' Adjusted Capital Accounts so as to allocate the maximum permissible Losses to each Member under Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

Section 1.7 Special Allocations. Any allocation of Profits and Losses (or items thereof) for purposes of maintaining Capital Accounts will, however, be subject to any adjustment required to comply with Treasury Regulations Sections 1.704-1 and 1.704-2, including the following adjustments and special allocations which shall be made in the following order of priority and prior to any allocation under Section 5.6(a):

(a) Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article V, if there is a net decrease in Company Minimum Gain during an Allocation Year (or other relevant period), then each Member shall be specially allocated items of Company income and gain for such Allocation Year (or other relevant period) (and, if necessary, for subsequent Allocation Years (or other relevant periods)) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.7(a) is intended to comply with the minimum gain chargeback requirement of Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article V, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year (or other relevant period), then each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Allocation Year (or other relevant period) (and, if necessary, for subsequent Allocation Years (or other relevant periods)) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Treasury Regulations Section 1.704-2(i)(4). The items to be allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.7(b) is intended to comply with the Member nonrecourse debt minimum gain chargeback requirement of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) resulting in, or increasing, an Adjusted Capital Account Deficit for such Member, then items of Company income and gain shall be specially allocated to all such Members in an amount

and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 5.7(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.7(c) were not in this Agreement. It is intended that this Section 5.7(c) qualify and be construed as a “qualified income offset” within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) If any Member has an Adjusted Capital Account Deficit at the end of any Allocation Year (or other relevant period) in excess of the sum of (A) the amount such Member is required to restore pursuant to the provisions of this Agreement and (B) the amount such Member is deemed obligated to restore pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such deficit as quickly as possible; provided, however, that an allocation pursuant to this Section 5.7(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 5.7 have been tentatively made as if Section 5.7(c) and this Section 5.7(d) were not in this Agreement.

(e) To the extent that an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Membership Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(f) The Nonrecourse Deductions for each Allocation Year (or other relevant period) shall be allocated to the Members in proportion to their relative Percentage Interests.

(g) The Member Nonrecourse Deductions shall be allocated each Allocation Year (or other relevant period) to the Member that bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

(h) The allocations set forth in Section 5.7(a) through Section 5.7(g) (collectively, the “Regulatory Allocations”) are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the parties to this Agreement that, to the extent possible, all Regulatory Allocations will be offset in the current Allocation Year or future Allocation Years either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Article V. Therefore, notwithstanding any other provision of this Section 5.7(h) (other than the Regulatory Allocations), the Board shall make such offsetting special allocations of Company income, gain, loss, or deduction (to the extent permissible) among the Members so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 5.6(a).

#### Section 1.8 Other Allocation Rules for Profits and Losses for Capital Accounts.

(a) In the event Members are admitted to the Company pursuant to this Agreement on different dates, the Company items of income, gain, loss, deduction, and credit allocated to the Members for each Allocation Year during which Members are so admitted shall be allocated among the Members in proportion to their respective interests during such Allocation Year using any reasonable convention permitted by Section 706 of the Code and selected by the Board (or its designee).

(b) In the event a Member transfers its Membership Interests during an Allocation Year, the allocation of Company items of income, gain, loss, deduction, and credit allocated to such Member and its transferee for such Allocation Year shall be made between such Member and its transferee in accordance

with Section 706 of the Code using any reasonable convention permitted by Section 706 of the Code and selected by the Board (or its designee).

Section 1.9 Tax Allocations; Code Section 704(c) Allocations.

(a) Except as provided in this Section 5.9, for income tax purposes under the Code and the Treasury Regulations each Company item of income, gain, loss, deduction and credit shall be allocated among the Members in the same manner as its correlative item of Profit and Loss for the Allocation Year (or other relevant period).

(b) In accordance with Code Section 704(c) and the Treasury Regulations, items of income, gain, loss, and deduction with respect to any property of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted tax basis of such property and its initial Gross Asset Value pursuant to any permissible method under the Treasury Regulations as may be determined by the Partnership Representative in its discretion; provided, however, with respect to any Company asset that is contributed to the Company with a Gross Asset Value that varies from its basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated among the Members for income tax purposes using the “traditional method,” with no “curative allocation” of income or gain to offset any “shortfall” in depreciation that results by reason of the use of the “traditional method,” as defined in Treasury Regulations Section 1.704-3(b), including upon sale of any property or upon the a subsequent issuance of additional membership interests, an in-kind contribution of property to the Company in exchange for membership interest, or a redemption of membership interests.

(c) If any portion of gain recognized from the disposition of assets by the Company represents the “recapture” of previously allocated deductions by virtue of the application of Code Section 1245 or 1250 (the “Recapture Gain”), such Recapture Gain shall be allocated, solely for income tax purposes, in accordance with Treasury Regulations Sections 1.1245-1(e)(2) and (3) and 1.1250-1(f).

(d) Tax credits and tax credit recapture shall be allocated among the Members in accordance with any reasonable method selected by the Board (or its designee) that is permitted by applicable tax laws.

(e) Unless otherwise provided in this Section 5.9, any material elections or other decisions relating to allocations for income tax purposes, including selecting any allocation method under Treasury Regulation Section 1.704-3, shall be made by the Board and shall reflect the economic intent of parties.

(f) Allocations pursuant to this Section 5.9 are solely for income tax purposes and shall not affect, or in any way be taken into account in computing, any Member’s Capital Account.

Section 1.10 Allocation of Liabilities. The liabilities of the Company shall be allocated to the Members in any manner permitted under Code Section 752 and Treasury Regulations promulgated thereunder and as selected by the Board (or its designee); provided, however, for the avoidance of doubt, NIPSCO’s intercompany debt payable to Parent as of Closing is recourse debt and shall be allocated one hundred percent (100%) to NIPSCO Holdings I under Treasury Regulations Section 1.752-2(c) for disguised sale and basis purposes.

Section 1.11 Compliance with Tax Laws. The allocation rules set forth in Section 5.6 through Section 5.10 are intended to comply with the Code and Treasury Regulations and to ensure that all allocations under this Article V are respected for United States federal income tax purposes and shall be interpreted consistently with such intent. If, for any reason, the Board determines that any provision of Section 5.6 through Section 5.10 does not comply with the Code or Treasury Regulations or that the allocations under this Article V may not be respected for United States federal income tax purposes, the Board may, subject to the next sentence, take all reasonable actions, including amending this Article V or adjusting a Member’s Capital Account or how Capital Accounts are maintained, to ensure compliance with the Code and Treasury Regulations and that the allocations provided for in this Article V shall be respected for United States federal income tax purposes. Nothing in this Section 5.11 shall permit any changes to the provisions of Section 5.2 or Section 5.3.

**Article VI**  
**TRANSFERS OF MEMBERSHIP INTERESTS**

Section 1.1 General Restriction.

(a) No Member shall Transfer any of its Membership Interests except pursuant to and in accordance with this Article VI. Any purported Transfer by any Member of its Membership Interests in violation of this Section 6.1(a), or without compliance in all respects with the provisions of this Article VI pertaining to such purported Transfer, shall be invalid and void ab initio, and such purported Transfer by such Member shall constitute a material breach of this Agreement for purposes of Article VI.

(b) Subject to Section 6.2, neither the Investor Members nor the NiSource Member may Transfer any of its or their Membership Interests to any Person prior to the date that is the third (3<sup>rd</sup>) anniversary of the Investment Closing Date (the “Lock-Up Period”), other than (i) in connection with any spin off, split off or similar transaction of the Company, the NiSource Member or NIPSCO, or any of their Affiliates, in each case, subject to the NiSource Member’s compliance with Section 5.1(e) or Section 6.5 and the satisfaction of the Spin Return Threshold, or (ii) with the prior written consent of the NiSource Member, on the one hand, or the BIP Investor Member, on the other hand, as applicable. After the expiration of the Lock-Up Period, each of the Investor Members and the NiSource Member, as applicable, may Transfer its Membership Interests in accordance with this Article VI. Notwithstanding the forgoing, each of the Members may at any time Transfer Membership Interests in compliance with Section 6.2.

(c) Transfers by Members in accordance with and pursuant to this Article VI shall entitle each applicable transferee to the rights and obligations of the transferor under this Agreement.

(d) The Investor Members and the NiSource Member acknowledge any indirect Transfers of any Member’s Membership Interest shall be deemed a Transfer by such Member hereunder. The Parent has joined this Agreement solely for the purpose of acknowledging the obligations of the NiSource Member under this Article VI.

Section 1.2 Transfers to Permitted Transferees; Liens by Members.

(a) Notwithstanding Section 6.1, each of the Members may Transfer at any time all or any portion of the Membership Interests held by it to any one of its Permitted Transferees; provided, that, in connection with any such Transfer, (a) such Permitted Transferee shall, in writing, assume all of the rights and obligations of the transferring Member as a Member under this Agreement and as a Party hereto with respect to the Transferred Membership Interests, (b) such Permitted Transferee is as creditworthy as the transferring Member and provides evidence thereof to the non-transferring Members, (c) the transferring Member remains liable for all liabilities and obligations of the Permitted Transferee, and (d) effective provision shall be made whereby such Permitted Transferee shall be required, prior to the time when it shall cease to be a Permitted Transferee of the transferring Member, to Transfer such Membership Interests to the transferring Member or to another Person that would be a Permitted Transferee of the transferring Member as of such applicable time. In the event that a Member (including, as the case may be, a Permitted Transferee) intends to Transfer its Membership Interests to a Permitted Transferee, such transferring Member or the Permitted Transferee, as applicable, shall notify the other Members and the Company of the intended Transfer at least twenty (20) Business Days prior to the intended Transfer.

(b) Each Member shall be permitted to directly or indirectly Encumber its Membership Interests or any equity interests in such Member in connection with any debt financing, the proceeds of which have been or will be used by such Member to finance its purchase of such Membership Interests (whether in respect of an issuance of new Membership Interests by the Company or the purchase of existing Membership Interests from a Member or the refinancing of any such debt financing in the future), to fund the capital expenditure needs of the Company and its Subsidiaries or to fund its capital needs for any Mandatory Capital Contribution and neither such Lien nor any commencement or consummation of foreclosure proceedings or exercise of foreclosure remedies by a secured party on a Member’s Membership Interests Encumbered in connection with any such debt financing shall, in either case, be considered a “Transfer” for any purpose under this Agreement; provided, that (i) such Member

shall be obligated to promptly notify the other Members and the Company in writing following the commencement of any such foreclosure remedies or proceedings, (ii) in the event of the consummation of such a foreclosure, such Member will automatically cease to be deemed the owner of the Membership Interests so foreclosed and will cease to have any rights in respect thereof (with the financing source foreclosing on such Membership Interests succeeding to the rights and responsibilities of the Member hereunder), and (iii) the consummation of any such foreclosure will be subject to the receipt of any required authorization, approval or consent of all applicable Governmental Bodies; provided, further, following exercise of any foreclosure or similar rights, such lender or similar Person may not further Transfer such Membership Interests without complying with this Article VI, including, Section 6.3.

### Section 1.3 Right of First Offer.

(a) Prior to any Transfer by a Member (each, a “Transferring Member”) of all or any portion of its Membership Interests other than to a Permitted Transferee of such Transferring Member, the Transferring Member must first offer to sell to the other Members (the “Non-Transferring Member”; provided, that (x) if the Transferring Member is an Investor Member, the other Investor Member shall not be deemed a Non-Transferring Member for any purpose under this Section 6.3 and (y) if the Transferring Member is the NiSource Member, the Investor Members jointly shall be deemed the Non-Transferring Member for all purposes under this Section 6.3) all of its Membership Interests that it desires to sell (such Membership Interests to be offered for sale to the Non-Transferring Member pursuant to this Section 6.3, the “Subject Membership Interests”), in each case, in accordance with the procedures set forth in the provisions of this Section 6.3.

(i) The Transferring Member shall first deliver to the Non-Transferring Member a written notice which shall be a binding offer (a “Sale Notice”) setting forth the cash price and all of the other material terms and conditions at which the Transferring Member is willing to sell the Subject Membership Interests to the Non-Transferring Member, which notice shall constitute an offer to the Non-Transferring Member to effect such purchase and sale on the terms set forth therein. Any such Sale Notice shall be firm, not subject to withdrawal and prepared and delivered in good faith. Within ninety (90) days following its receipt of a Sale Notice, the Non-Transferring Member may accept the Transferring Member’s offer and purchase the Subject Membership Interests at the cash price and upon the other material terms and conditions set forth in the Sale Notice, in which event the closing of the purchase and sale of the Subject Membership Interests will take place as promptly as practicable, subject to customary closing conditions, including the receipt of required regulatory approvals. The Sale Notice shall contain representations and warranties by the Transferring Member to the Non-Transferring Member that (A) the Transferring Member has full right, title and interest in and to the Subject Membership Interests, (B) the Transferring Member has all the necessary power and authority and has taken all necessary action to Transfer the Subject Membership Interests to the Non-Transferring Member as contemplated by this Section 6.3, and (C) the Subject Membership Interests are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement and those arising under securities Laws of general applicability pertaining to limitations on the transfer of unregistered securities or (D) such other customary representations and warranties.

(ii) If the Non-Transferring Member does not accept the Transferring Member’s offer within such ninety (90)-day period, then the Transferring Member will, for a period of 180 days commencing on the earlier of (A) the expiration of such ninety (90)-day period and (B) the delivery of a written notice by the Non-Transferring Member to the Transferring Member rejecting the offer set forth in the Sale Notice (if any) (such 180-day period, the “Sale Period”), be entitled to sell the Subject Membership Interests to any one Third Party at the same or higher price and upon other terms and conditions (excluding price) that are not more favorable to the acquiror than those specified in the Sale Notice, subject to the other terms of this Section 6.3. If such sale to any Third Party is not completed prior to the expiration of the Sale Period, then the process initiated by the delivery of the Sale Notice shall be lapsed, and the Transferring Member will be required to repeat the process set forth in this Section 6.3 before entering into any agreement with respect to, or consummating, any sale of Membership Interests to any Third Party; provided, that if a definitive agreement providing for the consummation of such sale is executed within the Sale Period but such sale has not been consummated at the expiration of the Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such sale, then the Sale Period shall be extended solely to the extent

necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Sale Period and the consummation of the sale provided for in such definitive agreement; provided, that the Transferring Member shall have used efforts in seeking such authorizations, approvals and consents, consistent with its obligations under such definitive agreements in respect thereof.

(b) The Investor Members and their respective Permitted Transferees (if any) shall not be permitted to Transfer any of their Membership Interests to a Prohibited Competitor without the prior written consent of the NiSource Member. Within ten (10) Business Days after January 1, 2024 (and each year thereafter during the ten (10) Business Day period beginning on January 1 of the applicable year), the NiSource Member shall have the right (i) to update the list of Prohibited Competitors set forth on Appendix (A) to replace no more than three (3) of the Prohibited Competitors with other Competitors designated by the NiSource Member, and (ii) in addition to any replacements pursuant to clause (i), to add up to two (2) additional Competitors designated by the NiSource Member to such list.

(c) No Transfer of Membership Interests by an Investor Member to any Third Party pursuant to Section 6.3(a)(ii) may be effected if it would, or would reasonably be expected to in the reasonable and good faith determination of the NiSource Member in consultation with the Board, (i) have a material and adverse effect on the Company Group or (ii) create a material risk of a material adverse regulatory consequence on any member of the Company Group or the Outside Group as a result of the identity of the Third Party transferee, any action taken or reasonably expected to be taken by any Governmental Body with respect to such Transfer or change in Tax status of any Person caused or reasonably expected to be caused by such Transfer, any terms or conditions of such Transfer, any requirement that the Membership Interests be registered under any applicable securities Laws in connection with or as a result of such Transfer, or any other similar matter. For purposes of this Section 6.3 and Section 6.4, “control” means (x) the ownership of at least a majority of the issued and outstanding Membership Interests of the Company, or (y) the ability to elect, directly or indirectly, a majority of the Directors of the Company in accordance with this Agreement.

(d) Prior to the consummation of any Transfer pursuant to Section 6.3(a)(ii), the Transferring Member shall have delivered to the Board and the Non-Transferring Member evidence reasonably satisfactory to the Board (with the Directors appointed by the Transferring Member abstaining from any such determination) and to the Non-Transferring Member that (i) the transferee is a Qualified Transferee and (ii) the Transfer complies with the provisions of Section 6.3(b) (if applicable) and Section 6.3(c).

#### Section 1.4 Tag-Along Rights.

(a) Other than with respect to a Transfer proposed and made in accordance with Section 6.5, in the event that the NiSource Member proposes to effect a Transfer to a Third Party transferee (the “Tag-Along Buyer”) of a number of its Membership Interests constituting more than 25% of the total Membership Interests then outstanding (a “Tag-Along Sale”), then the NiSource Member shall give the Investor Members written notice (a “Tag-Along Notice”) of such proposed Transfer at least thirty (30) days prior to the consummation of such Tag-Along Sale, setting forth (w) the number of Membership Interests (“Tag-Along Offered Membership Interests”) proposed to be Transferred to the Tag-Along Buyer and the purchase price, (x) the identity of the Tag-Along Buyer, (y) any other material terms and conditions of the proposed Transfer and (z) the intended dates on which the NiSource Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(b) Upon delivery of a Tag-Along Notice, the Investor Members shall have the right to sell up to their respective Tag Portions, at the same price per Membership Interest, for the same form of consideration and pursuant to the same terms and conditions (including time of payment) as set forth in the Tag-Along Notice (or, if different, as such are applicable at the time of the entry into a definitive agreement in respect of, or at the time of the consummation of, the Tag-Along Sale). If an Investor Member wishes to participate in the Tag-Along Sale, then such Investor Member shall provide written notice to the NiSource Member no less than forty-five (45) days after the date of the Tag-Along Notice, indicating such election, provided however if the BIP Investor Member elects to sell its respective Tag Portion the VCOC Investor Member shall be required to sell its respective Tag Portion on the same terms set forth in the election notice by the BIP Investor Member. Such notice shall set forth the number of its

Membership Interests that such Investor Member elects to include in the Tag-Along Sale (which number shall not exceed its Tag Portion), and such notice shall constitute such Investor Member's binding agreement to sell such Membership Interests on the terms and subject to the conditions applicable to the Tag-Along Sale.

(c) Any Transfer of an Investor Member's Membership Interests in a Tag-Along Sale shall be on the same terms and conditions as the Transfer of the NiSource Member's Membership Interests in such Tag-Along Sale, except as otherwise provided in this Section 6.4(c). Any participating Investor Member shall be required to make customary representations and warranties in connection with the Transfer of its Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, such Membership Interests and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Tag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any breach of any representation or warranty made by, or agreements, understandings or covenants of such Investor Member, as the case may be, under the terms of the agreements relating to such Transfer of such Investor Member's Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Tag-Along Buyer provided by the NiSource Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the NiSource Member and any such Investor Member) be expressly stated to be several but not joint and the NiSource Member and any such Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Membership Interests of any other Member and shall not, in any event, be liable for more than its pro rata share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) any participating Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the NiSource Member, (iii) any participating Investor Member shall not be obligated to agree to any non-customary administrative covenants (such as any non-compete covenants that would restrict its or its Affiliates' business activities), and (iv) any participating Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Tag-Along Sale.

(d) Notwithstanding the foregoing, and for the avoidance of doubt, no Investor Member shall be entitled to Transfer its Membership Interests pursuant to this Section 6.4 in the event that, notwithstanding delivery of a written notice of election to participate in such Tag-Along Sale pursuant to this Section 6.4, such Investor Member fails to consummate the Transfer of its Membership Interests (on the terms and conditions required by this Section 6.4) in the applicable Tag-Along Sale.

(e) For the avoidance of doubt, the rights conferred to each Investor Member under this Section 6.4 do not apply in the event of a Change in Control of the NiSource Member.

#### Section 1.5 Drag-Along Rights.

(a) Following the end of the Lock-Up Period, except for the exclusions set forth in Section 6.1(b) thereto, in the event that the NiSource Member intends to effect a sale of all or any portion of the Membership Interests owned by the NiSource Member and such Membership Interests constitute at least a majority of the issued and outstanding Membership Interests of the Company (a "Drag-Along Sale"), then the NiSource Member shall have the option (but not the obligation) to require each Investor Member to Transfer all of its Membership Interests to the Third Party buyer (the "Drag-Along Buyer") (or to such other Party as the Drag-Along Buyer directs) in accordance with the provisions of this Section 6.5 (such right of the NiSource Member, the "Drag-Along Right").

(b) If the NiSource Member elects to exercise the Drag-Along Right pursuant to Section 6.5(a), then the NiSource Member shall send a written notice to each applicable Investor Member (a "Drag-Along Notice") specifying (i) that such Investor Member is required to Transfer all of its Membership Interests pursuant to this Section 6.5, (ii) the amount and form of consideration payable for such Investor Member's Membership Interests, (iii) the name of the Third Party to which such Investor Member's Membership Interests are to be Transferred (or which is otherwise entitled to direct the disposition thereof at the consummation of the Drag-Along Sale), (iv) any other material terms and conditions of the proposed Transfer and (v) the intended dates on which the NiSource Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(c) In the event that the NiSource Member elects to exercise the Drag-Along Right, then each Investor Member hereby agrees with respect to all Membership Interests it holds:

(i) in the event such transaction requires the approval of Members, to vote (in person, by proxy or by action by written consent, as applicable) all of its Membership Interests in favor of such Drag-Along Sale;

(ii) to execute and deliver all related documentation and take such other action reasonably necessary to enter into definitive agreements in respect of and to consummate the proposed Drag-Along Sale in accordance with, and subject to the terms of, this Section 6.5; and

(iii) not to deposit its Membership Interests in a voting trust or subject any Membership Interests to any arrangement or agreement with respect to the voting of such Membership Interests, unless specifically requested to do so by the Drag-Along Buyer in connection with a Drag-Along Sale.

(d) Subject to Section 6.5(e), any Transfer of an Investor Member's Membership Interests in a Drag-Along Sale shall be on the same terms and conditions as the proposed Transfer of the NiSource Member's Membership Interests in the Drag-Along Sale. Upon the request of the NiSource Member, each Investor Member shall be required to make customary representations and warranties in connection with the Transfer of such Investor Member's Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, its Membership Interests, and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Drag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any breach of any representation or warranty made by, or agreements, understandings or covenants of such Investor Member as the case may be, under the terms of the agreements relating to such Transfer of such Investor Member's Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Drag-Along Buyer provided by the NiSource Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the NiSource Member and such Investor Member) be expressly stated to be several but not joint and the NiSource Member and such Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Membership Interests of any other Member and shall not, in any event, be liable for more than its pro rata share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) such Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the NiSource Member and (iii) such Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Drag-Along Sale.

(e) Any Transfer required to be made by an Investor Member pursuant to this Section 6.5 shall be for consideration consisting of cash or cash equivalents (or a combination thereof). Without the consent of the applicable Investor Member, an Investor Member shall not be required in connection with such Drag-Along Sale to agree to any material indemnification obligations, material, non-customary administrative covenants (including, but not limited to, restrictive covenants (such as non-solicit and non-compete covenants) that would restrict its or its Affiliates' business activities).

(f) At the consummation of the Drag-Along Sale, each Investor Member shall Transfer all of its Membership Interests to the Drag-Along Buyer (or its designee), and the Drag-Along Buyer shall pay the consideration due for such Investor Member's Membership Interest. If either Investor Member has failed, as of immediately prior to the time that the consummation of the Drag-Along Sale would otherwise have occurred, to have taken all actions necessary in accordance with this Agreement to consummate the Transfer of the Membership Interests held by it, then such Investor Member shall be deemed to be in material breach of this Agreement for purposes of Article IV and for all other purposes hereunder, shall be a Defaulting Member, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the NiSource Member to be such Investor Member's agent and attorney to execute all necessary documentation and instruments on its behalf to Transfer such Investor Member's Membership Interest to the Drag-Along Buyer (or as it may direct) as the holder thereof, in each case consistent with the terms set forth in this Section 6.5.

(g) The NiSource Member shall have a period of 180 days commencing on the delivery of the Drag-Along Notice (such 180-day period, the “Drag Sale Period”) to consummate the Drag-Along Sale. If the Drag-Along Sale is not completed prior to the expiration of the Drag Sale Period, then the process initiated by the delivery of the Drag-Along Notice shall be lapsed, and the NiSource Member will be required to repeat the process set forth in this Section 6.5 to pursue any Drag-Along Sale; provided that if a definitive agreement providing for the consummation of such Drag-Along Sale is executed within the Drag Sale Period but such Drag-Along Sale has not been consummated at the expiration of the Drag Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such Drag-Along Sale, then the Drag Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Drag Sale Period and the consummation of the Drag-Along Sale provided for in such definitive agreement; provided, that the NiSource Member shall have used efforts in seeking such authorizations, approvals and consents consistent with its obligations under such definitive agreement(s) in respect thereof.

(h) Notwithstanding the foregoing, the NiSource Member may not exercise the Drag-Along Right or consummate any Drag-Along Sale, without the prior written consent of the BIP Investor Member unless the applicable Drag-Along Sale would result in the Investor Members receiving proceeds resulting in the Investor Members collectively achieving at least a IRR of 10% (the “Investor Return Threshold”) and a MOIC of 2.15x (the “MOIC Return Threshold”); provided, that any shortfall in the Investor Members collectively achieving the Investor Return Threshold or the MOIC Return Threshold may be paid by the NiSource Member to the Investor Members in immediately available funds at the closing of the Drag-Along Sale, in which case the prior written consent of the BIP Investor Member shall not be required to exercise the Drag-Along Right or consummate such Drag- Along Sale.

(i) For the avoidance of doubt, the rights conferred to the NiSource Member under this Section 6.5 do not apply in the event of a Change in Control of the NiSource Member.

Section 1.6 Cooperation. The transferring Member acknowledges and agrees that it shall cooperate reasonably to obtain the requisite authorization, approval or consent of any Governmental Body necessary to consummate any Transfers contemplated or permitted by this Article VI. The Members shall have the right in connection with any Transfer of Membership Interests permitted by this Agreement (or in connection with the investigation or consideration of any such potential Transfer) to require the Company to reasonably cooperate with potential purchasers in such prospective Transfer (at the sole cost and expense of the applicable Member or such potential purchasers) by taking such actions reasonably requested by the applicable Member or such potential purchasers to cooperate in such Transfer, including (a) preparing or assisting in the preparation of due diligence materials and (b) providing such reasonable access to the Company’s and each of its Subsidiaries’ books, records, properties and other materials (subject, in each case, to the execution of customary confidentiality and non-disclosure agreements and subject to attorney-client privilege) to potential purchasers; provided that no such cooperation by the Company shall be required (i) until the relevant potential purchaser executes and delivers to the Company a customary confidentiality agreement, (ii) to the extent such cooperation would unreasonably interfere with the normal business operations of the Company or any of its Subsidiaries, and (iii) to the extent the provision of any information would (A) conflict with, or constitute a violation of, any applicable Law or Order or cause a loss of attorney-client privilege of the Company or any of its Subsidiaries, (B) in the NiSource Member’s reasonable determination, require the disclosure of any information that is proprietary, confidential or sensitive to the NiSource Member or to any member of the NiSource Outside Group, or (C) require the disclosure of any information relating to any joint, combined, consolidated or unitary Tax Return that includes the NiSource Member or any other member of the Outside Group or any supporting work papers or other documentation related thereto.

Section 1.7 Sale of Investor Member. Notwithstanding anything to the contrary in this Agreement, if an Investor Member is participating in any sale of Membership Interests pursuant to Section 6.3, Tag-Along Sale or Drag-Along Sale or any other Transfer of its Membership Interests, the owners of such Investor Member (or, as applicable, the regarded owner of such Investor Member for U.S. federal income tax purposes) (each, a “Blocker Seller”) shall, use commercially reasonable efforts to sell, and the NiSource Member and the Company will use commercially reasonable efforts to structure such

sale or transfer such that the Blocker Seller is able to sell, equity interests in such Investor Member (or, as applicable, the regarded owner of such Investor Member for U.S. federal income tax purposes), in lieu of selling the Membership Interests held (directly or indirectly) by such Investor Member in exchange for consideration equal to the value of the Membership Interests as determined in such sale pursuant to Section 6.3, Tag-Along Sale or Drag-Along Sale or other Transfer, held (directly or indirectly) by such Investor Member without discount (as appropriately adjusted for any partial sale).

## **Article VII PREEMPTIVE RIGHTS**

### Section 1.1 Preemptive Rights

. The Company hereby grants to each Member the right to purchase such Member's Preemptive Right Share of all (or any part) of any New Securities that the Company may from time to time issue after the Effective Date (the "Preemptive Right"); provided, however, that the Preemptive Right shall not apply with respect to New Securities issues or to be issued in any public offering or pursuant to failures to fund Additional Funding Requirements or as otherwise specifically provided herein. In the event the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), the Company shall give to each Member written notice of its intention to issue New Securities (the "Preemptive Right Participation Notice"), describing the amount and type of New Securities, the cash purchase price and the general terms upon which it proposes to issue such New Securities. Each Member shall have twenty (20) days from the date of receipt of any such Preemptive Right Participation Notice (the "Preemptive Right Notice Period") to agree in writing to purchase for cash up to such Member's Preemptive Right Share of such New Securities for the price and upon the terms and conditions specified in the Preemptive Right Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Members' Preemptive Right Share) as well as the maximum amount of New Securities it would purchase. If any Member fails to so respond in writing within the Preemptive Right Notice Period, then such Member shall forfeit the right hereunder to purchase its Preemptive Right Share of such New Securities and the Company will allocate the rights to purchase such New Securities to any other Member that indicated it would purchase New Securities in excess of its Preemptive Right Share based on their relative Preemptive Right Shares. Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the closing of any purchase by any Member pursuant to this Section 7.1 shall be consummated concurrently with the consummation of the issuance or sale described in the Preemptive Right Participation Notice. The Company shall be free to complete the proposed issuance or sale of New Securities described in the Preemptive Right Participation Notice with respect to any New Securities not elected to be purchased pursuant to this Section 7.1 in accordance with the terms and conditions set forth in the Preemptive Right Participation Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced). If a Member indicates in its response to a Preemptive Right Participation Notice that it shall purchase New Securities but then does not fund such amounts, such Member shall be a Defaulting Member.

## **Article VIII PROTECTIVE PROVISIONS**

### Section 1.1 Investor Member Threshold Matters

. Notwithstanding anything to the contrary in this Agreement, the Company shall not cause or permit, in each case, so long as the Investor Members' aggregate Percentage Interest is equal to or greater than the Investor Consent Threshold (except with respect to subclauses (a) – (g) and (i)), in which case so long as the Investor Members' aggregate Percentage Interest is at least 4.9%), and no Investor Member is a Defaulting Member, without the prior written consent of the BIP Investor Member (except that no such written consent shall be required to the extent that such matter is necessary to comply with applicable Law or Order or is in response to an Emergency Situation):

(a) make an election or take any other action that results in a change in the tax classification of the Company or any of its Subsidiaries, with respect to its Subsidiaries only if such change adversely affects the BIP Investor Member;

- (b) any non-*pro rata* repurchase or redemption of any equity interests issued by the Company;
- (c) any (i) issuance of any class of equity interest in the Company, other than pursuant to Sections 1.9, 5.1, Section 7.1 or as otherwise specifically contemplated herein or (ii) change to the existing rights or obligations of any class of equity interest of the Company if such change would have a disproportionate material adverse impact on any Member in a manner different from the NiSource Member;
- (d) the filing of a petition seeking relief, or the consent to the entry of a decree or order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by the Company or any of its Subsidiaries of all or substantially all of the assets of the Company and its Subsidiaries;
- (e) the conversion of the Company or NIPSCO from its current legal business entity form to any other business entity form (e.g., the conversion of the Company from a Delaware limited liability company to a Delaware corporation);
- (f) the listing of any equity interests of the Company or its Subsidiaries on any stock exchange (other than any spin off, split off or similar transaction of the Company, the NiSource Member or NIPSCO, or any of their Affiliates, which, for the avoidance of doubt, shall be subject to Sections 5.1(e) or 6.5 and the Spin Return Threshold);
- (g) any amendment or modification to any Organizational Document of the Company or any Subsidiary of the Company, other than (i) ministerial amendments thereto or (ii) amendments thereto that are not disproportionately adverse to the BIP Investor Member as compared to any other holder of equity interests of the Company;
- (h) the transfer, sale or other disposition, whether by the way of asset sale, stock sale, merger, or otherwise, of (i) all or substantially all of the assets of the Company Group, taken as a whole on a consolidated basis, or (ii) assets of the Company's Subsidiaries having a Fair Market Value in excess of 2.5% of the Rate Base Amount in the aggregate in any transaction or series of related transactions, other than Qualifying Core Assets and Excluded Transactions (it being understood, for the avoidance of doubt, that this Section 8.1(h) shall not be deemed to restrict a transfer, sale or other disposition of the equity of the Company) and other than pursuant to Article VI or a Change in Control of the Company, or the NiSource Member or as set forth below;
- (i) the transfer, sale, issuance, or other disposition of any equity interests in NIPSCO or in any Subsidiary of the Company that directly or indirectly holds any equity interests in NIPSCO to any Person that is not the Company or one of its wholly-owned Subsidiaries;
- (j) any new agreements or amendments to existing agreements, among the Company or any of its Subsidiaries, on the one hand, and any Member or any of their respective Affiliates (other than the Company or any of its Subsidiaries), on the other hand, which such agreement (or series of related transactions) are entered into after the Effective Date, other than those that (i) are on an arms-length basis and (ii) involve revenues or expenditures of less than \$15,000,000 per Contract or series of related transactions individually or less than \$40,000,000 in the aggregate, subject to an annual increase by the CPI Escalator, for any fiscal year for all such affiliate transactions (it being acknowledged and agreed that no prior written consent of the BIP Investor Member will be required with respect to any amendments to any affiliate transaction made in the ordinary course of business unless to the extent such amendment would have a disproportionately adverse effect on the Company Group (relative to other regulated utilities then owned by Parent or its Affiliates (other than the Company and its Subsidiaries))) in any material respect;
- (k) the acquisition by the Company or any of the Company's Subsidiaries of any equity interests or assets of any Person or the entry into joint ventures, in each case, having a Fair Market Value

in excess of 2.5% of the Rate Base Amount in the aggregate in any calendar year, other than in connection with Qualifying Core Assets or Excluded Transactions;

(l) any capital expenditure by the Company or its Subsidiaries, that is in excess of 1.0% of the Rate Base Amount in any calendar year and is not made (i) in connection with a Qualifying Core Asset, (ii) reasonably necessary to fund an Emergency Expenditures, or (iii) an Excluded Transaction;

(m) incurring long-term Indebtedness (other than the refinancing of existing Indebtedness on commercially reasonable terms consistent with current market conditions as determined by the Board) by the Company or its Subsidiaries, if, after giving pro forma effect to such incurrence and the application of the proceeds therefrom, the Company's and its Subsidiaries' Debt-to-Capital Ratio would exceed the then-current target Debt-to-Capital Ratio approved by the IURC by more than 200 basis points for two consecutive (2) quarters; provided, that the Company shall notify the BIP Investor Member at least ten (10) Business Days prior to the Company or any of its Subsidiaries incurring any Indebtedness in excess of the annual budget;

(n) making any political or charitable contribution made by or on behalf of the Company or any of its Subsidiaries to any Governmental Body or any official, representative or staff thereof, including any community leaders or elected officials, in excess of \$250,000 individually or \$1,000,000 in the aggregate in a fiscal year; and

(o) entering into any binding agreement or arrangement by the Company or any of its Subsidiaries to effect any of the foregoing actions.

Notwithstanding the foregoing, no BIP Investor Member approval shall be required with respect to any spin off, split off or similar transaction of the Company, the NiSource Member or NIPSCO, or any of their Affiliates; provided, that any such transaction must satisfy the requirements of Section 5.1(e) or Section 6.5 and the Spin Return Threshold.

Section 1.2 Consultation Matters. For so long as (x) the Investor Members' aggregate Percentage Interest is at least 9.9% and (y) no Investor Member is a Defaulting Member, the Company (and, as applicable, the Board) shall use reasonable efforts to consult in good faith with the BIP Investor Member prior to the Company undertaking, or causing or permitting any of its Subsidiaries to undertake, the following matters (except as would be impracticable in respect of a particular action that the Board reasonably believes to be necessary or appropriate to comply with applicable Law, Order or in response to an Emergency Situation):

(a) appointing or replacing the President, and the head of electric and the head of gas of NIPSCO;

(b) establishing or materially amending, or material deviating from the then-current plan or budget of the Company and its Subsidiaries; provided, that the Company (and, as applicable, the Board) the NiSource Member and the Parent shall (i) provide to the BIP Investor Member a draft of the business plan and budget of the Company and its Subsidiaries for a given fiscal year no later than November 10 of the prior fiscal year, which budget shall include quarterly fiscal projections, (ii) schedule and attend a meeting among representatives of the Company, the NiSource Member, the Parent and the BIP Investor Member, including the Chief Financial Officer and Head of Regulatory Affairs of the Parent, no later than November 24 of the prior fiscal year, to discuss the draft business plan and budget, (iii) schedule and attend a meeting between the Chief Executive Officer of the Parent and the Global Head of Infrastructure of Blackstone Inc., within 5 Business Days of a written request by the BIP Investor Member, to discuss the draft business plan and budget as well as any changes proposed by BIP Investor Member and (iv) consider the BIP Investor Member's comments to the business plan and budget in good faith; and

(c) material decisions relating to the conduct (including the settlement) of any litigation, administrative, or criminal proceeding to which the Company or any of its Subsidiaries is a party where (i) it is reasonably expected that the liability of the Company and its Subsidiaries would exceed \$75,000,000 (as adjusted by the CPI Escalator) (solely with respect to litigation proceedings), (ii) such proceeding would have material reputational damage on the Company or its Subsidiaries, or (iii) such

proceeding would reasonably be expected to have a material and adverse effect on the BIP Investor Member or any of its Affiliates (other than in its or (if applicable, their) capacity as an investor in the Company); provided, that, for the avoidance of doubt, the foregoing shall not be applicable to any ordinary course regulatory proceedings (including rate cases) that do not involve claims of criminal conduct or intentional violations of applicable Law.

Section 1.3 Indebtedness. The Company and its Subsidiaries shall use reasonable best efforts to incur Indebtedness, both intercompany and with respect to any Third Party, such that the regulated capital structure of NIPSCO remains consistent with authorized levels.

Section 1.4 Additional Actions. The NiSource Member and Investor Members further agree to the additional actions set forth on Schedule 2.

Section 1.5 Actions by the Investor Directors on behalf of the BIP Investor Member. Where any action requires the consent of the BIP Investor Member pursuant to Section 8.1, the Investor Directors shall, unless the BIP Investor Member indicates in writing to the NiSource Member otherwise, have the authority to provide such consent on behalf of the BIP Investor Member at any meeting of the Board called to discuss such matters, and the Company, the other Members and the other Directors shall be entitled to rely on such action of the Investor Directors as an action of the BIP Investor Member with such action being binding upon the BIP Investor Member.

Section 1.6 Acknowledgement of Purpose of Provisions. It is hereby acknowledged and agreed by the Parties that the rights of the Investor Members set forth in this Article VIII are protection mechanisms for each Investor Member acting in its capacity as an investor in the Company and are not for purposes of, and should not be construed or otherwise interpreted as, providing either Investor Member or any of its Representatives or Affiliates with the ability to take any action that would constitute exercising substantial influence or control over the Company or any of its Subsidiaries or would otherwise provide either Investor Member or any of their respective Representatives or Affiliates with any right to direct the operation of the business of the Company or any of its Subsidiaries.

## **Article IX OTHER COVENANTS AND AGREEMENTS**

Section 1.1 Books and Records.

(a) The Company shall keep and maintain, or cause to be kept and maintained, books and records of accounts, taxes, financial information and all matters pertaining to the Company and its Subsidiaries at the offices and place of business of the Company in a commercially reasonable manner consistent with the manner in which similar books and records are kept and maintained by other members of the Outside Group. Each Member (other than any Defaulting Member) and its duly authorized Representatives shall have the right to, at reasonable times during normal business hours, upon reasonable notice, under supervision of the Company's personnel and in such a manner as to not unreasonably interfere with the normal operations of any member of the Company Group, visit and inspect the books and records of the Company Group, and, at its expense, make copies of and take extracts from any books and records of the Company Group; provided, that, in the case of an Investor Member, any Person gaining access to such information regarding the Company Group pursuant to this Section 9.1 shall agree to hold in strict confidence, not make any disclosure of, and not use for purposes other than good faith administration of such Investor Member's continuing investment, all information regarding any member of the Company Group that is not otherwise publicly available.

(b) Notwithstanding the foregoing, the Company shall not be obligated to provide to either Investor Member any record or information (i) relating to the negotiation and consummation of the transactions contemplated by this Agreement and the PSA, including confidential communications with Representatives or Advisors, including legal counsel, representing the Company or any of its Affiliates, (ii) that is subject to an attorney-client or other legal privilege, (iii) that, in the NiSource Member's reasonable determination, are proprietary, confidential or sensitive to the NiSource Member or to any other member of the Outside Group, (iv) relating to any joint, combined, consolidated or unitary Tax Return that includes the NiSource Member or any other member of the Outside Group or any supporting

work papers or other documentation related thereto if such work papers or documentation includes the information of the NiSource Member or Outside Group, or (v) the provision of which would violate any applicable Law or Order; provided, with respect to (ii) and (iv) above that the Company shall use commercially reasonable efforts to develop an alternative to make such information available, including to make redactions to any such material and provide such redacted materials to such Investor Member.

(c) Each Member shall reimburse the Company for all reasonable, documented, out-of-pocket costs and expenses incurred by the Company in connection with such Member's exercise of its inspection and information rights pursuant to this Section 9.1.

Section 1.2 Financial Reports. The Company shall provide, or otherwise make available, to any Member (unless such Member is a Defaulting Member):

(a) on an annual basis, within 120 days after the end of each fiscal year, an audited consolidated balance sheet, statement of operations and statement of cash flow of NIPSCO and its Subsidiaries;

(b) on a quarterly basis, within 60 days after the end of each fiscal quarter, an unaudited consolidated balance sheet and related quarter and year to date statement of operation and related quarter and year to date statement of cash flow of NIPSCO and its Subsidiaries;

(c) on a monthly basis, within 30 days after the end of each month-end, an unaudited income statement as readily available of NIPSCO and its Subsidiaries and related financial information prepared in the ordinary course;

(d) on an annual basis (or more frequently, if applicable), as soon as reasonably practicable after the approval thereof by the Board, the annual budget and business plan for NIPSCO and its Subsidiaries;

(e) on an annual basis, as soon as reasonably practicable after the approval thereof by the Board, financial forecasts for NIPSCO and its Subsidiaries for the fiscal year, which shall be in such manner and form as approved by the Board, and which shall include a projection of income and a projected cash flow statement for each fiscal quarter in such fiscal year and a projected balance sheet as of the end of each fiscal quarter in such fiscal year;

(f) (i) within 45 days after the end of each fiscal year, an estimated Schedule K-1 for the immediately preceding taxable year based on best-available information to date and depreciation will be subject to change based on final year end audit and financial reporting results and (ii) not less than 45 days prior to the due date, including extensions, for the filing of the Company's federal information return for the immediately preceding taxable year, a final Schedule K-1, along with copies of all other federal, state and local income tax returns or reports filed by the Company for the previous year, as may be required as a result of the operations of the Company, and a schedule of Company book tax differences for the immediately preceding year;

(g) each Investor Member shall promptly upon request by the NiSource Member provide the following information: (i) Form SS-4/IRS determination letter and Form 8832 Entity Classification Election and (ii) Form W-9; and

(h) promptly, upon reasonable notice, any information that is reasonably requested by any Member in order to manage its regulatory or tax affairs or make filings with Governmental Bodies, including but not limited to Federal and Indiana corporate tax returns and financial statements (whether or not audited) for either Investor Member (or the regarded owner of either Investor Member if such Investor Member is a disregarded entity for tax purposes).

Section 1.3 Other Business; Corporate Opportunities.

(a) To the extent permitted by applicable Law, any Member and any Affiliate of any Member may engage in, possess an interest in or otherwise be involved in other business ventures of any nature or description, independently or with others, similar or dissimilar to the businesses of the Company Group, and neither the Company nor any other Member shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the businesses of the Company Group, shall be deemed not to be wrongful or improper so long as it is consistent with all Laws and Orders applicable to the Company and its Subsidiaries.

(b) The Company and each Member expressly acknowledge and agree that, (i) neither the Members nor any of their respective Affiliates or Representatives shall have any duty to communicate or present an investment or business opportunity to the Company in which the Company may, but for the provisions of this Section 9.3, have an interest or expectancy (a “Corporate Opportunity”), and (ii) neither the Members nor any of their respective Affiliates or Representatives (even if such Person is also an officer or Director of the Company) shall be deemed to have breached any duty or obligation to the Company by reason of the fact that such Person pursues or acquires a Corporate Opportunity for itself or directs, sells, assigns or transfers such Corporate Opportunity to another Person or does not communicate information regarding such Corporate Opportunity to the Company. The Company and each Member expressly renounce any interest in Corporate Opportunities and any expectancy that a Corporate Opportunity will be offered to the Company.

#### Section 1.4 Compliance with Laws.

(a) The Company shall and shall cause its Subsidiaries to use their respective commercially reasonable efforts to procure that the Company and its Subsidiaries and Company Group’s respective Representatives shall not in the course of their actions for, or on behalf of, any member of the Company Group:

(i) offer promise, provide or authorize the provision of any money, property, contribution, gift, entertainment or other thing of value, directly or knowingly indirectly, to any government official, to unlawfully influence official action or secure an improper advantage, or to unlawfully encourage the recipient to improperly influence or affect any act or decision of any Governmental Body, in each case, in order to assist any member of the Company Group in obtaining or retaining business, or otherwise act in violation of any applicable Anti-Corruption Laws;

(ii) violate any applicable Anti-Money Laundering Laws; or

(iii) engage in any unlawful dealings or transactions with or for the benefit of any Sanctioned Person or otherwise violate Sanctions.

(b) The Company shall promptly notify the Members of (i) any allegations of material misconduct by any member of the Company Group or any actions, suits or proceedings by or before any Governmental Body to which any member of the Company Group becomes a party, or to which the Company becomes aware that any Representative of the Company Group (in relation to such Representative’s actions for, or on behalf of, any member of the Company Group) is a party, in each case, relating to any material breach or suspected material breach of any applicable Anti-Corruption Laws, Anti-Money Laundering Laws, or Sanctions or (ii) any fact or circumstances of which it becomes aware that would reasonably be expected to result in a breach of this Section 9.4.

#### Section 1.5 Non-Solicit

. Without the prior written consent of the Company, during the term of this Agreement, each Investor Member shall not, shall cause its Affiliates not to, and shall use its reasonable best efforts to procure that other Persons in which it is invested do not, solicit for employment, hire or engage as a consultant any individual who is serving in any position within the then-current NiSource Leadership Team; provided, that this Section 9.5 shall not prohibit any Person from issuing general public solicitations not specifically targeted at the then-current NiSource Leadership Team or from hiring or engaging any Person responding to such general solicitations.

Section 1.6 Confidentiality.

(a) Each Member shall, and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company and its Subsidiaries, including their respective assets, business, operations, financial condition and prospects, or with respect to another Member of this Agreement (“Confidential Information”), and to use such Confidential Information only in connection with the operation of the Company and its Subsidiaries or such Member’s administration of its investment in the Company; provided that nothing herein shall prevent any Member from disclosing such Confidential Information (i) upon the Order of any court or administrative agency, (ii) upon the request or demand of any Governmental Body having jurisdiction over such party, (iii) to the extent compelled by legal process or required pursuant to binding requirement of any Governmental Body, (iv) to the other Parties, (v) to such party’s Representatives that in the reasonable judgment of such party need to know such Confidential Information, (vi) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from a Member so long as such transferee agrees to be bound by the provisions of this Section 9.6 as if a Member, or (vii) to actual and prospective limited partners of such Member or its Affiliates in connection with reporting requirements or fundraising efforts; provided, further, that in the case of clauses (i), (ii) or (iii), such Member shall prior to making any disclosure seek a protective order or other relief to prevent or reduce the scope of such disclosure, to the extent legally permissible, notify the other Parties of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment, when and if available; provided, further, that in the cases of clauses (v) through (vii), such party receiving any Confidential Information is bound to an obligation of confidentiality no less stringent than that contained in this Agreement including such other protective provisions to protect the misuse of material non-public information.

(b) The restrictions in Section 9.6(a) shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Member or any of its Representatives in violation of this Agreement, (ii) is or has been independently developed or conceived by such Member or its Affiliates without use of the Company’s or any of its Subsidiaries’ Confidential Information or (iii) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company or any of its Subsidiaries, any other Party or any of their respective Representatives; provided, that such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing party or any of its Representatives.

(c) Each Party shall inform any Representatives to whom it provides Confidential Information that such information is confidential and instruct them (i) to keep such Confidential Information confidential and (ii) not to disclose Confidential Information to any Third Party (other than those Persons to whom such Confidential Information has already been disclosed in accordance with the terms of this Agreement). The disclosing Party shall be responsible for any breach of this Section 9.6 by the Person to whom the Confidential Information is disclosed.

(d) The restrictions in Section 9.6(a) shall not restrict any Member and its Affiliates from disclosing any Confidential Information required to be disclosed under applicable securities Laws or the rules of any stock exchange on which any of their securities are traded.

(e) Notwithstanding anything herein to the contrary, the provisions of this Section 9.6 shall survive the termination of this Agreement for a period of three (3) years and, with respect to each Member, shall survive for a period of three (3) years following the date on which such Member is no longer a Member. The provisions of this Section 9.6 shall supersede the provisions of any non-disclosure agreements entered into by the Company (or its Affiliates, including the NiSource Member) and any of the Members (or their respective Affiliates) with respect to the transactions contemplated hereby or by the PSA prior to the Effective Date.

Section 1.7 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of Representatives and other Advisors, incurred in connection with this Agreement and the transactions contemplated hereby, shall be paid by the Party incurring such costs and expenses. Notwithstanding the foregoing, should any litigation be commenced between the Parties or

their Representatives concerning this Agreement or the rights, duties, or obligations hereunder, the Party or Parties prevailing in such proceeding shall be entitled, in addition to any other relief granted, to the reasonable attorneys' fees and other litigation costs incurred by reason of such litigation.

Section 1.8 Obligations in Respect of Financings.

(a) Subject to Section 9.8(b), during the term of this Agreement, the NiSource Member and the Company shall cooperate with each Investor Member as reasonably requested by such Investor Member in connection with any Debt Financing. Such assistance shall include (i) providing to such Investor Member such information as may be reasonably necessary in connection with the Debt Financing, and (ii) taking such other actions as are reasonably requested by such Investor Member to facilitate the consummation of any Debt Financing.

(b) Notwithstanding anything in Section 9.8(a) or this Agreement to the contrary, the cooperation requested by either Investor Member pursuant to Section 9.8(a) shall not (i) unreasonably interfere with the ongoing operations of the NiSource Member or its Subsidiaries, or (ii) require the NiSource Member or any of its Subsidiaries (other than the Company) to (A) pay any commitment or other similar fee, (B) have or incur any liability or obligation in connection with any Debt Financing, including under any agreement or any document related to any Debt Financing, (C) commit to taking any action (including entering into any Contract) or to otherwise execute any document, agreement, certificate or instrument in connection with any Debt Financing or (D) take any action that would conflict with, violate or breach or result in a violation or breach of or default under any Contract, this Agreement or any other document contemplated hereby or any Law or regulatory requirements. In no event shall the Company or NiSource Member be required to provide information relating to the transactions contemplated hereby or with any other Person in connection with any possible sale or transfer of assets or equity of the Company and its Subsidiaries, any information subject to the attorney-client privilege or any confidential or sensitive information, or relating to any Tax Return.

Section 1.9 Credit Support. For so long as there are (a) any guarantees, credit support, letters of credit or financial assurances of a member of the Outside Group related to support obligations of the Company Group, each Member shall pay the portion equal to its Percentage Interest of any payment or draw request on such credit support facilities on or before the applicable payment date required or (b) any guarantees, credit support, letters of credit or financial assurances of the Company or any of its Subsidiaries related to support obligations of a member of the Outside Group, the NiSource Member shall pay all such payments on or before the applicable payment date required. If a Member does not make a payment in accordance with the above, the Company may issue a Capital Call Request Notice in accordance with Section 5.1 for such amount from the applicable Member. For the avoidance of doubt, the failure to make the payment in clauses (a) or (b) prior to a Capital Call Request Notice shall not be an Event of Default and the failure to fund pursuant to a Capital Call Request Notice shall be treated in accordance with Section 5.1. Notwithstanding the foregoing, if the VCOC Investor Member fails to make its payment in accordance with this Section 9.9, the BIP Investor Member shall be obligated to make such payment.

**Article X**  
**TAX MATTERS**

Section 1.1 Tax Classification. The Parties intend that the Company be classified as a partnership for U.S. federal income (and applicable state and local) Tax purposes. Without limiting Section 8.1(a), neither the Company nor any Member shall make any election to change the tax classification of the Company or otherwise take any action inconsistent with such intended tax classification without the consent of the Board (or its designee).

Section 1.2 Partnership Representative

(a) The NiSource Member is hereby designated the “Partnership Representative” within the meaning of Code Section 6223(a) of the Company. The Partnership Representative shall, if required, designate from time to time a “designated individual” to act on behalf of the Partnership Representative, and such designated individual shall be subject to replacement by the Partnership Representative in accordance with the Code and Treasury Regulations. If any state or local tax law provides for a tax matters partner, partnership representative, or person having similar rights, powers, authority, or obligations, the Partnership Representative shall also serve in such capacity. The Partnership Representative is authorized to represent the Company before the Internal Revenue Service and any other governmental agency with jurisdiction, make all decisions regarding permitted elections under the Code, Treasury Regulations, and other state and local tax law with respect to tax proceedings; provided, however, the Partnership Representative shall not enter into any settlement or similar agreement without the consent of the Board (such consent not to be unreasonably withheld, conditioned, or delayed). All Members (and former Members) agree to cooperate with, and to do and refrain from doing any or all things reasonably required by the Partnership Representative in connection with the conduct of all such proceedings or to otherwise allow the Company and the Partnership Representative to comply with the partnership audit provisions of the Code, Treasury Regulations, and similar state and local law. All Members shall cooperate in good faith to amend this Section 10.2 or other provisions of this Agreement as necessary to reflect any statutory amendments or the promulgation of Treasury Regulations or other administrative authority promulgated under the Partnership Audit Rules so as to, to the extent possible, preserve the relative rights, duties, and obligations of the Members hereunder. The Company shall, to the fullest extent permitted by law, reimburse and indemnify the Partnership Representative for all third-party expenses (including legal and accounting fees), claims, liabilities, losses, and damages incurred as the Partnership Representative in connection with any examination, administrative, or judicial proceeding, or otherwise acting in its capacity as Partnership Representative.

(b) Notwithstanding anything to the contrary in this Agreement, each Member (including, for purposes of this Section 10.2, any Person who is or becomes a Member but who for any reason ceases to be a Member) (i) hereby covenants to treat each item of income, gain, loss, deduction, or credit attributable to the Company in a manner consistent with the treatment of such income, gain, loss deduction, or credit on the tax return of the Company or as determined in a notice of final partnership adjustment pursuant to Section 6226 of the Code, (ii) hereby agrees to indemnify and hold harmless the Company from such Member’s share of any tax and any penalties, interest, and additions to tax attributable to any adjustment to the income, gain, loss, deduction, or credit of the Company pursuant to Section 6226 of the Code, and (iii) hereby agrees to take all other actions as the Partnership Representative may reasonably direct with respect to the Member’s (or, in respect of the Member, the Company’s) tax liabilities, which shall not include filing an amended return for any “reviewed year” to account for all adjustments under Section 6225(a) of the Code properly allocable to the Member as provided in and otherwise contemplated by Section 6225(c) of the Code and any Treasury Regulations that may be promulgated thereunder. If the Company or any other entity in which the Company holds an interest is obligated to pay any amount to a governmental agency or body or to any other Person (or otherwise makes a payment) of any taxes arising under a federal, state, or local tax audit or other proceeding and the Partnership Representative determines that all or a portion of such payment is specifically attributable to a Member (or former Member), then such Member (or former Member) shall reimburse the Company in full for the entire amount paid (including any interest, penalties, and expenses associated with such payment). The obligations of a Member under this Section 10.2 shall survive such Member’s sale or other disposition of its interests in the Company and the termination, dissolution, liquidation, or winding up of the Company.

(c) The Partnership Representative (i) shall keep the Investor Members reasonably informed of any material tax audit, settlement or proceeding and (ii) shall not settle or otherwise compromise a material tax audit, settlement or proceeding that would have a material adverse impact on either Investor Member, without the BIP Investor Member’s prior written consent (such consent not to be unreasonably withheld, conditioned, or delayed).

Section 1.3 Tax Elections. Except as otherwise provided by this Agreement, all material elections and decisions required or permitted to be made by the Company under any applicable tax law shall be determined by the NiSource Member; provided however, that any election with respect to taxes that is disproportionately materially adverse to either Investor Member shall require the BIP Investor

Member's prior consent (such consent not to be unreasonably withheld, conditioned, or delayed). The elections shall include, but not be limited to, the following:

- (a) Upon the written request of a Member, the Company may make the election under Section 754 of the Code in accordance with applicable regulations thereunder for the Company and each applicable Subsidiary;
- (b) To the extent permitted under Section 706 of the Code, to elect the calendar year as the Company's taxable year and, (i) for clarity, to the extent the Company is permitted to adopt the calendar year, no other year shall be adopted as the taxable year and (ii) to the extent any additional filings or elections are required, to make such required filings or elections;
- (c) To elect the accrual method of accounting;
- (d) To elect to amortize any organizational expenses of the Company ratably over a period of one hundred eighty (180) months as permitted by Section 709(b) of the Code, and to elect to deduct the start-up expenditures of the Company as permitted by Section 195(b) of the Code;
- (e) If "bonus depreciation" is available with respect to qualified property, the NiSource Member shall make the election described in Section 168(k)(7) of the Code to opt out of "bonus depreciation" for the Taxable Year during which the placed in service date occurs.
- (f) Based upon current knowledge of the facts pertaining to the transactions contemplated by the PSA as of the Investment Closing Date, the Company will not report the transactions contemplated by the PSA to the IRS as a "reportable transaction" pursuant to Section 6011 of the Code, the relevant Treasury Regulations and any other administrative practice or procedure;
- (g) To the extent permitted by law, to elect to apply the de minimis safe harbor under Treasury Regulations Section 1.263(a)-1(f);
- (h) To the extent permitted under Code Section 461(h)(3), to elect the adoption of the exception for certain recurring items;
- (i) To the extent permitted under Code Section 461(c), to elect to ratably accrue real property taxes; and
- (j) To elect under Code Section 163(j) to be treated as an excepted trade or business.

Section 1.4 Cooperation. Each Investor Member shall, and shall cause its Affiliates to, provide to the NiSource Member and its Subsidiaries (including the Company and its Subsidiaries), and the NiSource Member and the Company shall, and shall cause their Affiliates to, provide to each Investor Member, in each case, such cooperation, documentation and information as any of them reasonably may request in connection with (a) filing any Tax Return, amended Tax Return or claim for refund, (b) determining a liability for Taxes or (c) preparing for or conducting any Tax audits, examinations or other proceedings by any taxing authority of any Governmental Body.

#### Section 1.5 Withholding

. The Company may withhold and pay over to the United States Internal Revenue Service (or any other relevant Tax authority) such amounts as it is required to withhold or pay over, pursuant to the Code or any other applicable Tax Law, on account of a Member, including in respect of distributions made pursuant to Section 5.2 or Section 5.3, and, for the avoidance of doubt, the amount of any such distribution or other payment to a Member shall be net of any such withholding. To the extent that any amounts are so withheld and paid over, such amounts shall be treated as paid to the Person(s) in respect of which such withholding was made. For all purposes under this Agreement, any amounts withheld or paid with respect to a Member pursuant to this Section 10.5 shall offset any distributions to which such Member is entitled concurrently with such withholding or payment and shall be treated as having been

distributed to such Member pursuant to Section 5.2 or Section 5.3 at the time such offset is made. To the extent that the cumulative amount of such withholding or payment exceeds the distributions to which such Member is entitled concurrently with such withholding or payment, the amount of such excess shall be promptly paid to the Company by the Member on whose behalf such withholding is required to be made; provided, however, that any such payment shall not be treated as a Capital Contribution and shall not reduce the amount that a Member is otherwise obligated to contribute to the Company. To the extent that a Member claims to be entitled to a reduced rate of, or exemption from, a withholding Tax pursuant to an applicable income Tax treaty, or otherwise, such Member shall furnish the Company with such information and forms as such Member may be required to complete where necessary to comply with any and all Laws and regulations governing the obligations of withholding Tax agents, and the Company shall apply such reduced rate of, or exemption from, withholding Tax as reflected on such information and forms that have been provided by such Member. Each Member agrees that if any information or form provided pursuant to this Section 10.5 expires or becomes obsolete or inaccurate in any respect, such Member shall update such form or information.

Section 1.6 Certain Representations and Warranties. Each Member represents and warrants that any such information and forms furnished by such Member shall be true and accurate and agrees to indemnify the Company from any and all damages, costs and out-of-pocket expenses resulting from the filing of inaccurate or incomplete information or forms relating to such withholding Taxes.

## **Article XI**

### **LIABILITY; EXCULPATION; INDEMNIFICATION**

Section 1.1 Liability; Member Duties. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person. Each Member acknowledges and agrees that each Member, in its capacity as a Member, may decide or determine any matter subject to the approval of such Member pursuant to any provision of this Agreement in the sole and absolute discretion of such Member, and in making such decision or determination such Member shall have no duty, fiduciary or otherwise, to any other Member or to the Company Group, it being the intent of all Members that such Member, in its capacity as a Member, has the right to make such determination solely on the basis of its own interests.

Section 1.2 Exculpation. To the fullest extent permitted by applicable Law, no Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's fraud or willful misconduct.

#### Section 1.3 Indemnification

. The Company shall indemnify, defend and hold harmless any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suits or proceedings by reason of the fact that such Person is or was a Director or officer of the Company, or is or was a Director or officer of the Company serving at the request of the Company as a director, officer or agent of another limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' and experts' fees), judgments, settlements, penalties and fines actually and reasonably incurred by him or her in connection with the defense or settlement of such, action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company; and, with respect to any criminal action or proceeding, either he or she had reasonable cause to believe such conduct was lawful or no reasonable cause to believe such conduct was unlawful; provided, however, for the avoidance of doubt, this Section 11.3 shall not apply with respect to any such actions between the Company and such Person or pursuant to claims under the PSA.

#### Section 1.4 Authorization

. To the extent that such present or former Director or officer of the Company has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 11.3, or in the defense of any claim, issue or matter therein, the Company shall indemnify him or her against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith. Any other indemnification under Section 11.3 shall be made by the Company only as authorized in the specific case, upon a determination that indemnification of the present or former Director or officer is permissible in the circumstances because such present or former Director or officer has met the applicable standard of conduct. Such determination shall be made, with respect to a Person who is a Director or officer at the time of such determination, (a) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even with less than a quorum, or (b) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (c) by the NiSource Member and the BIP Investor Member. Such determination shall be made, with respect to former Directors and officers, by any Person or Persons having the authority to act on the matter on behalf of the Company.

#### Section 1.5 Reliance on Information

. For purposes of any determination under Section 11.3, a present or former Director or officer of the Company shall be deemed to have acted in good faith and have otherwise met the applicable standard of conduct set forth in Section 11.3 if his or her action is based on the records or books of account of the Company or on information supplied to him or her by a Director or an officer of the Company in the course of his or her duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company. The provisions of this Section 11.5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a present or former Director or officer of the Company may be deemed to have met the applicable standard of conduct set forth in Section 11.3.

Section 1.6 Advancement of Expenses. Expenses (including reasonable attorneys' fees) incurred by the present or former Director or officer of the Company in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Company as authorized in the specific case in the same manner described in Section 11.4, upon receipt of a written affirmation of the present or former Director or officer that he or she has met the standard of conduct described in Section 11.3 and upon receipt of a written undertaking by or on behalf of him or her to repay such amount if it shall ultimately be determined that he or she did not meet the standard of conduct, and a determination is made that the facts then known to those making the determination shall not preclude indemnification under this Article XI.

Section 1.7 Non-Exclusive Provisions. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled. The Company hereby acknowledges that certain of its Directors and certain of its Members and the direct and indirect partners therein or owners thereof (the "Fund Indemnitees") may have rights to indemnification, advancement of expenses and/or insurance with respect to their service on the Board (collectively, the "Fund Indemnitors"). The Company hereby agrees: (a) that it is the indemnitor of first resort (i.e., its obligations to the Fund Indemnitees are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Fund Indemnitees are secondary) and (b) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof, except to the extent that a Fund Indemnitee breaches its undertaking to repay advanced expenses as provided in Section 11.6. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of the Fund Indemnitees with respect to any claim for which the Fund Indemnitees have sought indemnification from the Company shall affect the foregoing and that the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Fund Indemnitees against the Company.

Section 1.8 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall, unless otherwise

provided when authorized or ratified, continue as to a Person who has ceased to be a Director or officer of the Company and shall inure to the benefit of his or her heirs, executors and administrators.

Section 1.9 Limitations. Notwithstanding anything contained in this Article XI to the contrary, the Company shall not be obligated to indemnify any Director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such Person unless such proceeding (or part thereof) was authorized or consented to by the Board.

## **Article XII REPRESENTATIONS AND WARRANTIES**

Section 1.1 Members Representations and Warranties. Each Member hereby represents and warrants, severally and not jointly, to the Company and to the other Member as follows:

(a) Such Member is a company duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation, as applicable, with full power and authority to enter into this Agreement and perform all of its obligations hereunder.

(b) The execution and delivery of this Agreement by such Member, and the performance by such Member of its obligations hereunder, have been duly and validly authorized by all requisite action by such Member, and no other proceedings on the part of such Member are necessary to authorize the execution, delivery or performance of this Agreement by such Member.

(c) This Agreement has been duly and validly executed and delivered by such Member, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of such Member, enforceable against such Member in accordance with its terms, except as limited by the application of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws relating to or affecting creditors' rights or general principles of equity.

(d) The execution and delivery by such Member of this Agreement, and the performance by such Member of its obligations hereunder, does not (i) violate or breach its Organizational Documents, (ii) violate any applicable Law to which such Member is subject or by which any of its assets are bound, or (iii) result in any breach of or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under any Contract to which such Member is a party or by which any of its assets are bound.

(e) Such Member is acquiring its Membership Interests (i) for such Member's own account and not directly or indirectly for the account of any other Person and (ii) for investment and not with a view to their sale or distribution. Such Member understands that the Membership Interests have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available. Such Member understands that no public market now exists for the Membership Interests and that it is unlikely that a public market will ever exist for the Membership Interests. Such Member understands that its investment in the Company is highly speculative in nature and is subject to a high degree of risk of loss, in whole or in part.

## **Article XIII MISCELLANEOUS**

Section 1.1 Notices. Except as otherwise expressly provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted by electronic mail (unless if transmitted after 5:00 p.m. Eastern time or other than on a Business Day, then on the next Business Day) to the address specified below (with confirmation of transmission), (c) when sent by internationally-recognized courier in which case it shall be deemed to have been given at the time of actual recorded delivery, or (d) the third (3<sup>rd</sup>) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the

respective Party at the number, electronic mail address or street address, as applicable, set forth below, or at such other number, electronic mail address or street address as such Party may specify by written notice to the other Party.

Notices to either Investor Member:

BIP Blue Buyer L.L.C. or BIP Blue Buyer VCOC L.L.C.  
345 Park Avenue  
New York, NY 10154  
Attention: Legal Counsel – Blackstone Infrastructure Partners; Max Wade  
Email: BIP-Legal@blackstone.com; max.wade@blackstone.com

with copies to (which shall not constitute notice):

Latham & Watkins LLP  
1271 Avenue of the Americas  
New York, NY 10020  
Attention: David Allinson  
Email: david.allinson@lw.com

and

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Ravi Purohit  
Email: rpurohit@paulweiss.com

Notices to the NiSource Member:

NIPSCO Holdings I LLC  
290 W. Nationwide Boulevard  
Columbus, OH 43215  
Attention: Shawn Anderson, Executive Vice President and Chief Financial Officer; Kim Cuccia, Senior Vice President, General Counsel and Corporate Secretary  
Email: sanderson@nisource.com; kscuccia@nisource.com

with a copy to (which shall not constitute notice):

McGuireWoods LLP  
800 East Canal Street  
Richmond, Virginia 23219  
Attention: Joanne Katsantonis; Emilie McNally  
Email: jkatsantonis@mcguirewoods.com; emcnally@mcguirewoods.com

Notices to the Company:

NIPSCO Holdings II LLC  
290 W. Nationwide Boulevard  
Columbus, OH 43215  
Attention: Shawn Anderson, Executive Vice President and Chief Financial Officer; Kim Cuccia, Senior Vice President, General Counsel and Corporate Secretary  
Email: sanderson@nisource.com; kscuccia@nisource.com

with a copy to (which shall not constitute notice):

McGuireWoods LLP  
800 East Canal Street  
Richmond, Virginia 23219  
Attention: Joanne Katsantonis; Emilie McNally  
Email: jkatsantonis@mcguirewoods.com; emcnally@mcguirewoods.com

Section 1.2 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that no Member, nor the Company, shall purport to assign or Transfer all or any of its rights or obligations under this Agreement nor grant, declare, create or dispose of any right or interest in this Agreement in whole or in part except with respect to a Transfer in accordance with the terms of this Agreement, and any attempted or purported assignment hereof not in accordance with the terms hereof shall be void ab initio.

Section 1.3 Waiver of Partition. Each Member hereby waives any right to partition of the Company property.

Section 1.4 Further Assurances. From and after the Effective Date, from time to time, as and when requested by any Party and at such Party's expense, any other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such requesting Party may reasonably deem necessary or desirable to carry out the purposes and intent of this Agreement.

Section 1.5 Third Party Beneficiaries. Except as otherwise expressly provided herein, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement; provided, that Covered Persons are express third party beneficiaries of Article XI.

Section 1.6 Parties in Interest; Non-Recourse. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors, legal representatives and permitted assigns. This Agreement may only be enforced against, and any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement may only be brought against, the Persons that are expressly named as Parties to this Agreement. Except to the extent named as a Party to this Agreement, and then only to the extent of the specific obligations of such Parties set forth in this Agreement, no past, present or future shareholder, member, partner, manager, director, officer, employee, Affiliate (without giving effect to the proviso set forth in the definition thereof), agent or advisor of any Party shall have any liability (whether in contract, tort, equity or otherwise or by or through theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, undercapitalization or any other attempt to avoid or disregard the entity form of any Person not a Party) for any of the representations, warranties, covenants, agreements or other obligations or liabilities of any of the Parties or for any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement. Notwithstanding anything contained herein, in no event shall this Section 13.6 limit in any way or waive any rights the Company or the NiSource Member may have with respect to the Equity Commitment Letter.

Section 1.7 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and, to the extent permitted and possible, any invalid, void or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid, void or unenforceable term.

Section 1.8 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. The headings of the sections and paragraphs of this Agreement have been

inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

Section 1.9 Complete Agreement. This Agreement (including any schedules thereto), constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof and thereof and supersedes any prior understandings, agreements or representations by or among the Parties hereto or Affiliates thereof, written or oral, to the extent they relate in any way to the subject matter hereof.

Section 1.10 Amendment; Waiver. Subject to Article VIII, neither this Agreement nor any other Organizational Document of the Company may be amended (whether by merger or otherwise) except in a written instrument signed by Members owning at least a majority of the Membership Interests; provided, that (a) the prior written consent of any Member shall be required in respect of any such proposed modification, alteration, supplement or amendment that would have a material disproportionate adverse impact on that Member (in its capacity as a Member) as compared to the other Members (in their capacity as Members) and (b) notwithstanding anything in this Agreement to the contrary, Article V, Article VI, Article VII, Article VIII and this Section 13.10 may not be amended other than by a written instrument signed by the BIP Investor Member. In the event that the Company issues Membership Interests to one or more Third Parties pursuant to Section 5.1(c) or Section 7.1, the Members and the Company shall negotiate in good faith to amend this Agreement to the extent reasonably necessary to reflect such additional Members. Any amendment or revision to Schedule 1 that is made by an officer solely to reflect information regarding Members or the Transfer or issuance of Membership Interests made in accordance with the terms of this Agreement shall not be considered an amendment to this Agreement and shall not require any Board or Member approval. Any failure or delay on the part of any Party in exercising any power or right hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder or otherwise available at law or in equity.

Section 1.11 Governing Law. This Agreement, and any claim, action, suit, investigation or proceeding of any kind whatsoever, including a counterclaim, cross-claim or defense, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise under any legal or equitable theory, that may be based upon, arising out of or related to this Agreement or the negotiation, execution or performance of this Agreement or the transactions contemplated hereby shall be governed by and construed in accordance with the internal Laws of the State of Delaware applicable to agreements executed and performed entirely within such State without regards to conflicts of law principles of the State of Delaware or any other jurisdiction that would cause the Laws of any jurisdiction other than the State of Delaware to apply.

#### Section 1.12 Specific Performance

. The Parties agree that irreparable damage, for which monetary relief, even if available, shall not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that (a) the Parties shall be entitled to seek an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement, and (b) the right of specific performance and other equitable relief is an integral part of this Agreement and the business and legal understandings among the Members with respect to the Company, and without that right, none of the Members would have entered into this Agreement. The Parties acknowledge and agree that any Party pursuing an injunction or injunctions or other Order to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 13.12 shall not be required to provide any bond or other security in connection with any such Order. The remedies available to the Parties pursuant to this Section 13.12 shall be in addition to any other remedy to which they may be entitled at law or in equity, and the election to pursue an injunction or specific performance shall not restrict, impair or otherwise limit any Party from seeking to collect or collecting damages. Each of the Parties agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other Party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity.

Section 1.13 Escalation; Arbitration.

(a) In connection with any dispute, controversy or claim among the Members relating to or arising out of this Agreement, the Members will use their reasonable efforts to resolve such dispute within thirty (30) days. If the dispute has not been resolved within such thirty (30) day period, the Members will escalate the dispute to the respective Senior Officers, who will meet to discuss and use their reasonable efforts to resolve the dispute. If the Members remain unable to resolve the dispute within thirty (30) days of the initial meeting of the Senior Officers or such later date as the Members subject to such dispute may agree, such dispute shall be finally settled by binding arbitration administered by the American Arbitration Association (“AAA”) utilizing its Commercial Arbitration Rules in effect as of the date the arbitration is commenced. The arbitration shall be conducted before a single arbitrator, if the Parties can agree on the one arbitrator. If the Parties cannot agree on a single arbitrator, there shall be a panel of three arbitrators with one chosen by the BIP Investor Member, one chosen by the NiSource Member, and the third arbitrator selected by the two Members-appointed arbitrators. If a Party fails to appoint an arbitrator within 30 days following a written request by another Party to do so or if the two party-appointed arbitrators fail to agree upon the selection of a third arbitrator, as applicable, within 30 days following their appointment, the additional arbitrator shall be selected by the AAA pursuant to its applicable procedures. Each arbitrator shall be disinterested and have at least 20 years of experience with commercial matters. The arbitrator(s) shall have the power to award any appropriate remedy consistent with the objectives of the arbitration and subject to, and consistent with, all Laws and Orders applicable to the Company and its Subsidiaries (including, for the avoidance of doubt, the necessity of obtaining any requisite authorization, approval or consent of any Governmental Body necessary to implement the appropriate remedy). The decision of the one arbitrator or, if applicable, the majority of the three arbitrators shall be final and binding upon the Parties (subject only to limited review as required by applicable Law). Judgment upon the award of the arbitrator(s) may be entered in any court of competent jurisdiction or otherwise enforced in any jurisdiction in any manner provided by applicable Law. The losing Party shall pay the prevailing Party’s attorney’s fees and costs and the costs associated with the arbitration, including expert fees and costs and the arbitrators’ fees and costs; provided, however, that each Party shall bear its own fees and costs until the arbitrator(s) determine which, if any, Party is the prevailing Party and the amount that is due to such prevailing Party. The arbitration proceedings shall take place in Chicago, Illinois and, for the avoidance of doubt, the arbitration proceedings shall be conducted in the English language.

(b) All discussions, negotiations and proceedings under this Section 13.13, and all evidence given or discovered pursuant hereto, will be maintained in strict confidence by all Parties, except where disclosure is required by applicable Law, necessary to comply with any legal requirements of such Party or necessary or advisable in order for a Party to assert any legal rights or remedies, including the filing of a complaint with a court or, based on the advice of counsel, such disclosure is determined to be necessary or advisable under applicable securities Laws or the rules of any stock exchange on which any of such Party’s securities are traded. Disclosure of the existence of any arbitration or of any award rendered therein may be made as part of any action in court for interim or provisional relief or to confirm or enforce such award.

(c) Any settlement discussions occurring and negotiating positions taken by any Party in connection with the procedures under this Section 13.13 will be subject to Rule 408 of the Federal Rules of Civil Procedure and shall not be admissible as evidence in any proceeding relating to the subject matter of this Agreement.

(d) The fact that the dispute resolution procedure specified in this Section 13.13 has been or may be invoked will not excuse any Party from performing its obligations under this Agreement, and during the pendency of any such procedure, all Parties must continue to perform their respective obligations in good faith. In addition, in no event shall the fact that this provision has been invoked and the pendency of the proceedings limit, suspend, delay or waive any other rights and remedies provided in this Agreement to any Member.

(e) Notwithstanding the agreement to arbitrate contained in this Section 13.13, in the event that either Party wishes to seek a temporary restraining order, a preliminary or temporary injunction, or other injunctive relief in connection with any claim, demand, cause of action, dispute, controversy, or

other matter arising out of or relating to this Agreement or the alleged breach thereof, whether such claim sounds in contract, tort, or otherwise, at law or in equity, under state or federal law, whether provided by statute or the common law, each Party shall have the right to pursue such injunctive relief in court, rather than by arbitration. The Parties agree that such action for a temporary restraining order, a preliminary or temporary injunction, or other injunctive relief may be brought in the state or federal courts of Delaware, or in any other forum in which jurisdiction is appropriate.

Section 1.14 Counterparts. This Agreement may be executed in counterparts, and any Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties. The Parties agree that the delivery of this Agreement may be effected by means of an exchange of facsimile or electronically transmitted signatures.

Section 1.15 Fair Market Value Determination

. In the event the Board makes a determination of Fair Market Value under this Agreement, upon request by the NiSource Member or the BIP Investor Member, so long as such Member holds a Percentage Interest (or, with respect to the BIP Investor Member, the Investor Members collectively hold an aggregate Percentage Interest) greater than 5%, within five Business Days after receiving written notice of the Board's determination in connection with any determination of Fair Market Value of Membership Interests or other assets under this Agreement (which determination shall be provided by the Company to each Member promptly following the making thereof), the Company shall select a nationally recognized independent valuation firm with no existing or prior business or personal relationship with any Member or any of its Affiliates in the three year period immediately preceding the date of engagement, pursuant to this Section 13.15 (the "Independent Evaluator") to determine such Fair Market Value. Each of the Company and the requesting Member shall submit their view of the Fair Market Value of the Membership Interests or the relevant asset(s) to the Independent Evaluator, and each party will receive copies of all information provided to the Independent Evaluator by the other party. The final Independent Evaluator's determination of the Fair Market Value of such Membership Interests or asset(s) shall be set forth in a detailed written report addressed to the Company and the Members within 30 days following the Company's selection of such Independent Evaluator and such determination shall be final, conclusive and binding. In rendering its decision, the Independent Evaluator shall determine which of the positions of the Company and the requesting Member submitted to the Independent Evaluator is, in the aggregate, more accurate (which report shall include a worksheet setting forth the material calculations used in arriving at such determination), and, based on such determination, adopt either the Fair Market Value determined by the Company or the requesting Member. Any fees and expenses of the Independent Evaluator incurred in resolving the disputed matter(s) will be borne by the party whose positions were not adopted by the Independent Evaluator. Notwithstanding the foregoing, the Board's determination of Fair Market Value under this Agreement shall be conclusive and relied upon by the Members in carrying out their obligations hereunder, unless and until the Independent Evaluator determines otherwise. The pendency of this process shall not excuse the performance of any obligations of a Member hereunder.

Section 1.16 Certain Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Act" means the Delaware Limited Liability Company Act, as amended from time to time.

"Actual Performance Management Net Income" means Net Income of NIPSCO Consolidated adjusted for income taxes computed or imputed on Net Income. For these purposes, "NIPSCO Consolidated" is defined as NIPSCO and its consolidated subsidiaries including NIPSCO Accounts Receivable Corporation and its controlling investments in tax equity financings related to renewable projects. On an annual basis, Parent will provide to the Investor Members a schedule calculating Actual Performance Management Net Income including supporting documentation.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other representatives of such Person.

“Adjusted Capital Account” means, with respect to any Member, the balance in such Member’s Capital Account as of the end of the relevant Allocation Year or other period, after giving effect to the following adjustments:

(a) Add to such Capital Account the following items:

(i) The amount, if any, that such Member is obligated to contribute to the Company upon liquidation of such Member’s Interest; and

(ii) The amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5).

(b) Subtract from such Capital Account such Member’s share of the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Adjusted Capital Account Deficit” means, with respect to any Member, the deficit balance, if any, in such Member’s Adjusted Capital Account as of the end of the Allocation Year (or other relevant period).

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, Contract or otherwise; provided, however, that (i) no portfolio company of any investment fund affiliated with or advised by The Blackstone Group Inc. or Blackstone Infrastructure Partners L.P. shall be deemed to be an “Affiliate” of either Investor Member (excluding the Investor Members’ Subsidiaries) and (ii) no investment fund affiliated with or advised by The Blackstone Group Inc. shall be deemed an “Affiliate” of either Investor Member (excluding Blackstone Infrastructure Partners L.P. together with its controlled investment vehicles).

“Allocation Year” means (a) the period commencing on the Investment Closing Date and ending on the immediately succeeding December 31; (b) any subsequent twelve (12) month period commencing on January 1 and ending on December 31; or (c) any portion of the period described in preceding clause (a) or (b) for which the Company is required to allocate items of the Company income, gain, loss, deduction or credit.

“Anti-Corruption Laws” means any Law concerning or relating to bribery or corruption imposed, administered or enforced by any Governmental Body.

“Anti-Money Laundering Laws” means any Law concerning or relating to money laundering, any predicate crime to money laundering or any record keeping, disclosure or reporting requirements related to money laundering imposed, administered or enforced by any Governmental Body.

“Assumed Tax Liability” means, for any Member, the product of (a) such Member’s allocable share of net taxable income of the Company for such Fiscal Year (or applicable portion thereof), reduced by such Member’s allocable share of cumulative net taxable loss of the Company not previously been taken into account (calculated taking into account the effect of any basis adjustment under Code Section 734, 743 or 754 and allocations pursuant to Code Section 704(c)), determined as if such Member has no items of income, gain, loss, deduction or credit other than through the Company, multiplied by (b) the Assumed Tax Rate.

“Assumed Tax Rate” means the highest effective combined marginal U.S. federal, state and local income tax rate applicable to a corporation for such Fiscal Year (taking into account the character of the underlying taxable income) and the deductibility of state and local income taxes for U.S. federal income

tax purposes (and any applicable limitations thereon). The Assumed Tax Rate shall be the same for each Member.

“Available Cash” means, for any fiscal quarter, the cash flow generated from the normal business operations of the Company and its Subsidiaries in such fiscal quarter, less any amounts that the Board reasonably determines are necessary and appropriate to be retained in order to (a) permit the Company and its Subsidiaries to pay their obligations as they become due in the ordinary course of business, (b) make all payments required or that the Board determines is appropriate under the NiSource Notes, (c) maintain the Company’s and its Subsidiaries’ target regulatory capital structure and investment grade credit metrics, (d) fund planned capital expenditures, (e) maintain an adequate level of working capital, (f) maintain prudent reserves for future obligations (including contingent obligations of the Company and its Subsidiaries), (g) comply with applicable Law, Order, the terms of the Company’s and its Subsidiaries’ Indebtedness (including making any required payments of principal or interest in satisfaction of Indebtedness), or (h) respond to an Emergency Situation, with the requirement of the Company and its Subsidiaries, to make upward cash distributions (on a quarterly basis) of at least 50% of the such applicable entity’s Net Income for the relevant period (but, in any case, no less than all Available Cash).

“Business Day” means any day other than a Saturday, Sunday or a day on which banking institutions located in New York, New York or Delaware are closed generally.

“Capital Account” means the capital account maintained for each Member on the Company’s books and records in accordance with the following provisions:

(a) To each Member’s Capital Account there shall be added (i) such Member’s Capital Contributions, (ii) such Member’s allocable share of Net Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Section 5.6 or Section 5.7 hereof or other provisions of this Agreement, and (iii) the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) From each Member’s Capital Account there shall be subtracted (i) the amount of (A) cash and (B) the Gross Asset Value of any Company assets (other than cash) distributed to such Member pursuant to any provision of this Agreement, (ii) such Member’s allocable share of Net Losses and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Section 5.6 or Section 5.7 hereof or other provisions of this Agreement, and (iii) liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event any Membership Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest.

(d) In determining the amount of any liability for purposes of subparagraphs (a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

“Capital Contribution” means, with respect to any Member, the total amount of cash and the initial Gross Asset Value of property (other than cash) contributed to the capital of the Company by such Member, whether as an initial Capital Contribution or as an additional Capital Contribution.

“Change in Control” means with respect to the applicable Party, any person or group (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) at any time becoming the beneficial owner of more than 50% of the combined voting power of the voting securities of such Party (including through general partner and limited partner arrangements).

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Group” means the Company and each of its Subsidiaries, collectively.

“Company Minimum Gain” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase “partnership minimum gain.”

“Competitor” means any Person that is, or through its Subsidiaries is, directly involved in or competes with the Company Business in the United States. For the avoidance of doubt, a Competitor shall not include any financial sponsors that own equity in any Person that is directly involved in the Company Business in the United States.

“Contract” means any written agreement, arrangement, commitment, indenture, instrument, purchase order, license or other binding agreement.

“Covered Person” means any (a) Member, any Affiliate of a Member or any officers, directors, shareholders, partners, members, employees, representatives or agents of a Member or their respective direct or indirect Affiliates, (b) Director, or (c) employee, officer, or agent of the Company or its Affiliates.

“CPI Escalator” means that certain increase calculated annually on the anniversary of the Effective Date by the percentage increase of services measured by the consumer price index as determined by the U.S. Department of Labor, Bureau of Labor Statistics.

“Debt Financing” means any debt financing incurred by the BIP Investor Member or any of its Affiliates (other than the Company), including, the incurrence of any loans or the issuance of any bonds, notes, debentures or hybrid securities.

“Debt-to-Capital Ratio” means the debt-to-capital ratio of NIPSCO as calculated for IURC purposes.

“Depreciation” means, for Allocation Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Allocation Year or other period, except that (a) with respect to an asset the Gross Asset Value of which differs from its adjusted basis for U.S. federal income tax purposes and which difference is being eliminated by use of the “remedial allocation method” as defined in Treasury Regulations Section 1.704-3(d), Depreciation for such period shall be the amount of the book basis recovered for such period under the rules prescribed in Treasury Regulations Section 1.704-3(d)(2), and (b) if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Allocation Year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Allocation Year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such Allocation Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

“Emergency Expenditure” means amounts required to be incurred in order to respond to an Emergency Situation or to avoid an Emergency Situation in a manner that is consistent with general practices applicable to facilities used in the Company Business or consistent with the past operations of the Company or its Subsidiaries, but only to the extent such expenditures are reasonably designed to ameliorate the consequences, or an immediate threat of any of the consequences, of the issues set forth in the definition of “Emergency Situation”.

“Emergency Situation” means, with respect to the business of the Company and its Subsidiaries, any abnormal system condition or abnormal situation requiring immediate action to maintain the system, frequency, loading within acceptable limits or voltage or to prevent loss of firm load, material equipment damage or tripping of system elements that would reasonably be expected to materially and adversely affect reliability of an electric system or any other occurrence or condition that requires immediate action

to prevent or mitigate an immediate and material threat to the safety of Persons or the operational integrity of the assets and business of the Company or its Subsidiaries or any other condition or occurrence requiring prompt implementation of emergency procedures as defined by the applicable transmission grid operator, distribution or transmitting utility.

“Encumber” means to place a Lien against.

“Equity Commitment Letter” means the Equity Commitment Letter dated as of the Investment Closing Date by Blackstone Infrastructure Partners L.P. for the benefit of the Company in the amount equal to \$250,000,000 minus the Additional Capital Contribution Amount (as defined in the PSA) (the “Maximum Investor Commitment”).

“Exchange Act” has the meaning set forth in the definition of “Excluded Membership Interests”.

“Excluded Membership Interests” means any Membership Interests or other equity interests in the Company issued in connection with:

- (a) any issuance to a Third Party pursuant to and in accordance with Section 7.1;
- (b) any arrangement approved unanimously by the Board for the return of income or capital to the Members;
- (c) any equity split, equity dividend or any similar recapitalization; or

(d) the commencement of any offering or registration of Membership Interests or other equity interests of the Company or any of its Subsidiaries, pursuant to a registration statement filed in accordance with the United States Securities Act of 1933 (the “Securities Act”) or under the Securities and Exchange Act of 1934 (the “Exchange Act”).

“Excluded Transactions” means Transactions in the ordinary course of the Company Business, with respect to (i) tax equity financings related to renewable projects, or (ii) pilot programs and similar undertakings by the Company or its Subsidiaries in connection with the Company Business.

“Fair Market Value” means, with respect to any asset (including equity interest), the price at which the asset would change hands between a willing buyer and a willing seller that are not affiliated parties, neither being under any compulsion to buy or to sell, and both having knowledge of the relevant facts and taking into account the full useful life of the asset. In valuing Membership Interests, no consideration of any control, liquidity or minority discount or premium shall be taken into account. Fair Market Value shall be determined by the Board in accordance with the foregoing, subject to Section 13.15.

“FERC” means the U.S. Federal Energy Regulatory Commission or any successor agency thereto.

“GAAP” means United States generally accepted accounting principles applied on a consistent basis during the periods involved.

“Governmental Body” means any national, foreign, federal, regional, state, local, municipal or other governmental authority of any nature (including any division, department, agency, commission or other regulatory body thereof) and any court or arbitral tribunal, including any governmental, quasi-governmental or non-governmental body administering, regulating or having general oversight over electricity, power or the transmission or transportation thereof, including any regional transmission operator, independent system operator and any market monitor thereof.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset on the date of the contribution, as determined by the Board, provided that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 5.1 shall be as set forth on Schedule 1.

(b) The Gross Asset Values of all Company assets immediately prior to the occurrence of any event described in subparagraphs (i) through (v) below shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); (iv) in connection with the grant of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a partner capacity, or by a new Member acting in a partner capacity in anticipation of being a Member; and (v) the acquisition of an interest in the Company upon the exercise of a non-compensatory option in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); provided, however, adjustments pursuant to clause (i), clause (ii), and clause (iv) above shall be made only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company; and provided further, if any non-compensatory option is outstanding, Gross Asset Values shall be adjusted in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2);

(c) The Gross Asset Value of any Company asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution as determined by the Board

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

(e) If the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company asset for purposes of computing Net Profits and Net Losses.

“Indebtedness” means indebtedness or long term debt or similar instruments as those terms are calculated or determined by IURC.

“Investor Call Trigger” means (i) either Investor Member fails to fund all or any portion of its share of a Mandatory Capital Contribution or any Additional Funding Requirement (other than a Mandatory Capital Contribution) in respect of two (2) events if either Investor Member indicated it would do so in its Response to Capital Call but failed to do so within the time period specified in Section 5.1; provided, that the NiSource Member shall be required to provide notice to the BIP Investor Member immediately upon any Investor Member’s first event of failure to fund that would trigger this right, (ii) the Investor Members’ aggregate Percentage Interest is equal to or less than five percent (5%), or (iii) the NiSource Member elects to pursue a spin off, split off or similar transaction of the Company, NIPSCO or an Affiliate; provided, in the case of this clause (iii), the NiSource Member may not exercise its Call Right unless the Spin Return Threshold would be satisfied in the event such contemplated transaction is consummated.

“Investor Consent Threshold” means a Percentage Interest equal to or greater than 19.9%; provided, that, solely in the event the Investor Members’ aggregate Percentage Interest is reduced in

connection with issuances of Membership Interests in compliance with Sections 5.1 or 7.1, such reference to “19.9%” shall be replaced by “17.5%”.

“IRR” means, at any time of determination, the actual annual rate of return of the Investor Members (specified as a percentage) taking into account only the following, on a cash-in, cash-out basis: (a) all capital contributions actually made to the Company by or on behalf of the Investor Members or any of its Permitted Transferees with respect to their Membership Interests on or before such date, and (b) all cash distributions to the Investor Members or any of their respective Permitted Transferees on or before such date. For the avoidance of doubt, the IRR calculation would not include any tax payments at the Investor Members level. The IRR will be calculated using the XIRR function in the most recent version of Microsoft Excel (or if such program is no longer available, such other software program for calculating the IRR as is reasonably determined by the Board), and will be based on the actual dates of funding of such capital contributions and the actual dates of receipt of such cash distributions and proceeds.

“IURC” means the Indiana Utility Regulatory Commission.

“Law” means any law (statutory, common or otherwise), rule, regulation, code or ordinance enacted, adopted, promulgated or applied by any Governmental Body, including all regulatory requirements emanating from state and federal regulators of the Company Group’s businesses and operations.

“Liens” means all liens, encumbrances, mortgages, deeds of trust, pledges, security interests, charges, claims, proxy, voting trust or transfer restrictions, under any stockholder or similar agreement or Organizational Document.

“Maximum Investor Commitment” has the meaning set forth in the definition of “Equity Commitment Letter”.

“Member” means each of the NiSource Member and the Investor Members, and any Person admitted as an additional member of the Company or a substitute member of the Company pursuant to the provisions of this Agreement, each in its capacity as a member of the Company.

“Member Nonrecourse Debt” has the meaning of “partner nonrecourse debt” as set forth in Treasury Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

“Member Nonrecourse Deductions” has the meaning of “partner nonrecourse deductions” set forth in Treasury Regulations Section 1.704-2(i)(1) and 1.704-2(i)(2).

“Membership Interests” means membership interests of the Company.

“MOIC” means, as of any measurement time, with respect to any holder of Membership Interests, the number resulting from the quotient of (i) the cumulative amount of distributions received by such holder (or its predecessors in interest) in respect of such Membership Interests divided by (ii) the cumulative amount of all capital contributions made to the Company by such holder (or its predecessors in interest) in respect of such Membership Interests prior to such time or, in the case of the Investor Members, the cumulative amount of the Purchase Price (as defined in the PSA) under the PSA paid by the Investor Members to the Parent (as defined therein); provided that, for the purpose of foregoing calculation, the Investor Members shall be aggregated and treated as a single holder.

“Net Income” means the Net Income attributable to the applicable entity in its consolidated GAAP income statement adjusted to (i) reflect non-GAAP adjustments included in the Parent’s consolidated non-GAAP reporting associated with the applicable entity and recorded in accordance with

the Parent's non-GAAP policy in effect as of the date of the income statement, and (ii) add post-tax Pension & OPEB Non-Service Cost if it is an expense and subtract post-tax Pension & OPEB Non-Service Cost in cases when this item is income. For reference, the Parent's non-GAAP policy is to that certain non-GAAP policy in effect as of the Investment Closing Date.

“New Securities” means any Membership Interests or other equity interests in the Company, other than any Excluded Membership Interests.

“NiSource Leadership Team” means any individual serving as an officer at any Company Group.

“Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

“Nonrecourse Liability” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

“OFAC” means the U.S. Office of Foreign Assets Control.

“Order” means any order, ruling, decision, verdict, decree, writ, award, judgment, injunction, or other similar determination or finding of any Governmental Body.

“Organizational Documents” means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles of association, articles of organization or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing.

“Outside Group” means the Parent and its Subsidiaries, other than the Company and its Subsidiaries.

“Partnership Audit Rules” means Sections 6221 through 6241 of the Code, as enacted in Public Law 114-74, as may be amended, including any final or temporary Regulations, other administrative guidance or case law interpreting Sections 6221 through 6241 of the Code (and any analogous provision of state or local tax law).

“Partnership Representative” means, with respect to any Allocation Year, the Person designated for such year as the partnership representative for the Company pursuant to section 6223(a) of the Code or with respect to the tax law of any state or foreign jurisdiction, as a representative pursuant to a provision of law of such state or foreign jurisdiction corresponding to Section 6223(a) of the Code and shall also include the Person through whom a Partnership Representative acts.

“Percentage Interest” means, in respect of any Member, their relative ownership in the Membership Interests, expressed as a percentage, which shall be deemed to be equal to the number of Membership Interests that such Member owns divided by the total number of Membership Interests then outstanding.

“Permitted Transferee” means, with respect to the NiSource Member or either Investor Member, (a) a directly or indirectly wholly owned Subsidiary of such Member, (b) an Affiliate of such Member of which such Member is, directly or indirectly, a wholly owned Subsidiary (an “Affiliate Parent”), or (c) an Affiliate of such Member that is a wholly owned Subsidiary of an Affiliate Parent.

“Persons” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

“Preemptive Right Share” means a ratio of (a) the number of Membership Interests held by such Member with Preemptive Rights, to (b) the total number of Membership Interests then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights.

“President” means the President of NIPSCO.

“Profits” and “Losses” mean, for each Allocation Year, an amount equal to the Company’s taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses,” shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) or clause (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(e) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 5.7 or Section 5.8 shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 5.7 and Section 5.8 shall be determined by applying rules analogous to those set forth in clause (a) through clause (f) of this definition

“Prohibited Competitor” means (i) any Competitor listed on Appendix (A) hereto, as may be updated from time to time in accordance with Section 6.3(b) and (ii) any person owned or controlled by an entity existing under the laws of a country or territory that is subject to, or a target of, any Sanctions.

“PSA” means the Purchase and Sale Agreement, dated June 17, 2023, as amended by that certain Amendment No. 1 to Purchase and Sale Agreement, dated July 6, 2023, in each case, by and among the Company, the NiSource Member and the BIP Investor Member.

“Qualified Designee” means (i) with respect to NiSource Member, an employee of Parent or its Affiliates that is an officer of any such entity and (ii) with respect to BIP Investor Member, an employee of the BIP Investor Member or its parent company that is an officer or comparable position of such entity or is otherwise affiliated with such entity; provided, that a “Qualified Designee” shall not include any Person so long as such Person is (a) a director, officer, employee, or other Person affiliated with a Prohibited Competitor or (b) any Person convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction) or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, or (c) any Person that would create a material reputational risk to the Company based on a good faith determination by the Board.

“Qualified Transferee” means any Person so long as such Person is (i) an asset manager with “assets under management” (as such term is commonly defined in the private equity industry) of at least \$5,000,000,000, (ii) a Person with its equity interests listed on a nationally recognized stock exchange which has a market capitalization of at least \$5,000,000,000 or (iii) a Person that based on its most recent audited balance sheet has at least \$5,000,000,000 of assets, and/or in all cases, is in the good faith determination of the Board of being financially capable of carrying out the obligations and promptly paying all liabilities as they become due and payable under and in accordance with this Agreement and such Person is not a Prohibited Competitor; provided, that a Person that consummated a foreclosure pursuant to Section 6.2(b) shall be deemed a Qualified Transferee.

“Qualifying Core Assets” means assets utilized in connection with the conduct of the Company’s and its Subsidiaries’ business on which the Company reasonably expects (a) that it or its Subsidiaries will be eligible to include in the applicable rate base, and (b) to earn a return through rates approved by FERC (or such other Governmental Body that may then be applicable) that are commercially reasonable (to be determined by the Board in good faith) and are not otherwise inconsistent with applicable FERC (or such other Governmental Body, as the case may be) rate precedent. For the avoidance of doubt, “Qualifying Core Assets” shall also include necessary or ancillary expenses to support such assets (including working capital).

“Rate Base Amount” means an amount equal to the net utility plant of the Company and its Subsidiaries, taken as a whole, as determined based on the most recently filed FERC Form 1s for the Company and each of its Subsidiaries.

“Representatives” means the directors, officers, employees, agents and Advisors of a Party.

“Sanctioned Country” means a country or territory that is the target of comprehensive Sanctions (currently, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, and the so-called Donetsk and Luhansk People’s Republics in eastern Ukraine).

“Sanctioned Person” means, (a) any Person listed in any Sanctions-related list of designated Persons maintained by a Governmental Body described in the definition of “Sanctions,” (b) any Person operating, organized, domiciled or resident in a Sanctioned Country, (c) the government of, or a Governmental Body or government official of, any Sanctioned Country or of Venezuela, or (d) any Person directly or indirectly owned or otherwise controlled by, acting for or on behalf of, or acting at the direction of, any such Person described in clauses (a), (b), or (c).

“Sanctions” means any trade or economic sanctions imposed, administered or enforced from time to time by OFAC, the U.S. Department of State, His Majesty’s Treasury, the United Nations, the European Union or any agency or subdivision of any of the foregoing, including any regulations, rules and executive orders issued in connection therewith.

“Securities Act” has the meaning set forth in the definition of “Excluded Membership Interests”.

“Senior Officers” means with respect to the NiSource Member, the Chief Executive Officer of the Parent, and with respect to the Investor Members, the Global Head of Infrastructure of Blackstone Inc.

“Spin Return Threshold” means the Investor Return Threshold and the MOIC Return Threshold.

“Subsidiary” means, with respect to any Person, any entity of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or any partnership, association or other entity of which a majority of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tag Portion” means an amount of Membership Interests equal to the specified quantity of Tag-Along Offered Membership Interests multiplied by the applicable Investor Member’s Percentage Interest.

“Target Performance Management Net Income” means the financial model output reflected in the “Net Income – Controlling Interests – GAAP” row of the .PDF labeled “Project Blue – Seller Model and Non-GAAP Policy.pdf” and attached to an email from the BIP Investor Member’s counsel to the NiSource Member’s counsel copying Representatives of the BIP Investor Member and the NiSource Member on December 28, 2023 at 4:16 p.m. Eastern Standard Time.

“Tax” or “Taxes” means any federal, state, local or foreign taxes, including income, gross receipts, capital stock, capital gains, franchise, profits, license, withholding, payroll, social security, unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, excise, transfer, value added, import, export, alternative minimum, estimated or other tax, duty, assessment or governmental charge in the nature of a tax, including any interest, penalty or addition thereto.

“Tax Return” means any return, claim for refund, report, election, form, statement or information return relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

“Third Party” means, with respect to a Member, another Person that is not another Member or an Affiliate of a Member.

“Transfer” shall mean, with respect to the legal or beneficial ownership of any of a Member’s Membership Interests, any sale, assignment, transfer, pledge, encumbrance, hypothecation or other similar arrangement or disposal, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law (through a Change in Control or otherwise) including by the entry into any contract, option or other arrangement, or the granting or imposition of any Lien, that gives any Person other than the Member, whether or not upon the occurrence or nonoccurrence of an event, the right to acquire any Membership Interests or any interest therein, to vote any Membership Interest, or to require that any Membership Interests be transferred, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law. For the avoidance of doubt and notwithstanding the foregoing, none of the following shall constitute a Transfer: (i) a sale, assignment, transfer, or other disposition of equity interests in any Member or any direct or indirect parent of such Member in which such Member represents less than 50% of the Fair Market Value of all of the assets directly or indirectly held by such Member or direct or indirect parent the equity interests of which are being disposed, except in any such case as expressly set forth in Section 6.2(b), (ii) a Change in Control of the NiSource Member or indirect transfers of Membership Interests resulting solely from acquisitions and dispositions of equity interests of Blackstone Inc., Parent or their respective Affiliates on the New York Stock Exchange, (iii) any direct or indirect transfer of equity interests in either Investor Member that does not result in a Change in Control of such Investor Member, and (iv) as permitted under Section 6.2(b).

Section 1.17 Terms Defined Elsewhere in this Agreement. As used in this Agreement, the following terms shall have the meanings ascribed to them in the sections indicated:

<b><u>Term</u></b>	<b><u>Section</u></b>
AAA	Section 13.13(a)
Affiliate Agreements	Section 2.14(a)
Affiliate Agreement Default	Section 2.14(c)
Affiliate Agreement Default Notice	Section 2.14(c)
Agreement	Preamble
BIP Investor Member	Preamble
Blocker Seller	Section 6.7
Board	Section 2.1
Board Observer	Section 2.13
Call Consummation Period	Section 5.1(e)
Call Exercise Price	Section 5.1(e)
Call Notice	Section 5.1(e)
Call Right	Section 5.1(e)
Capital Request Funding Date	Section 5.1(a)
Capital Request Notice	Section 5.1(a)
Company	Preamble
Company Business	Section 1.3(a)
Confidential Information	Section 9.6(a)
Contributing Member	Section 5.1(b)(ii)
Contribution Unfunded Amount Notice	Section 5.1(b)
Corporate Opportunity	Section 9.3(b)
Cure Period	Section 5.1(e)
Default Notice	Section 2.14(c)
Defaulting Member	Section 4.2
Designated Alternate	Section 2.2(e)
Directors	Section 2.1
Drag-Along Buyer	Section 6.5(a)
Drag-Along Notice	Section 6.5(b)
Drag-Along Right	Section 6.5(a)
Drag-Along Sale	Section 6.5(a)
Event of Default	Section 4.1
Event of Dissolution	Section 4.3(a)
Excess Contribution	Section 5.1(b)(i)
Fund Indemnitees	Section 11.7
Fund Indemnitors	Section 11.7
Independent Evaluator	Section 13.15
Investment Closing Date	Recitals
Investor Directors	Section 2.2(b)
Investor Members	Preamble
Investor Return Thresholds	Section 6.5(h)
Lock-Up Period	Section 6.1(b)
Mandatory Capital Contribution	Section 5.1(a)



Measurement Period	Schedule 2
MOIC Return Threshold	Section 6.5(h)
NIPSCO	Section 2.14(b)
NiSource Directors	Section 2.2(d)
NiSource Member	Preamble
NiSource Notes	Section 2.14(b)
Non-Transferring Member	Section 6.3(a)
Over-Contributing Member	Section 5.1(b)(i)
Parent	Preamble
Partnership Representative	Section 10.2
Party	Preamble
Preemptive Right	Section 7.1
Preemptive Right Notice Period	Section 7.1
Preemptive Right Participation Notice	Section 7.1
Pro Rata Request Amount	Section 5.1(a)
Regulatory Allocations	Section 5.7(h)
Response To Capital Call	Section 5.1(a)
Sale Notice	Section 6.3(a)(i)
Sale Period	Section 6.3(a)(ii)
Seller Model	Schedule 2
Senior Management Termination Event	Schedule 2
Senior Management Member	Schedule 2
Subject Membership Interests	Section 6.3(a)
Tag-Along Buyer	Section 6.4(a)
Tag-Along Notice	Section 6.4(a)
Tag-Along Offered Membership Interests	Section 6.4(a)
Tag-Along Sale	Section 6.4(a)
Total Number of Directors	Section 2.2(a)
Transferring Member	Section 6.3(a)
Unfunded Amount	Section 5.1(b)
Unfunded Amount Loan	Section 5.1(b)(ii)(A)
VCOC Investor Member	Preamble

Section 1.18 Other Definitional Provisions. The following shall apply to this Agreement:

(a) Accounting terms which are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement shall control.

(b) The terms “hereof,” “herein” and “hereunder” and terms of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, schedule and exhibit references contained in this Agreement are references to sections, clauses, schedules and exhibits in or to this Agreement, unless otherwise specified.

(c) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Where the context permits, the use of the term “or” shall be equivalent to the use of the term “and/or.”



(d) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day. In addition, notwithstanding any deadline for payment, performance, notice or election under this Agreement, if such deadline falls on a date that is not a Business Day, then the deadline for such payment, performance, notice or election will be extended to the next succeeding Business Day.

(e) Words denoting any gender shall include all genders, including the neutral gender. Where a word is defined herein, references to the singular shall include references to the plural and vice versa.

(f) The word “will” will be construed to have the same meaning and effect as the word “shall”. The words “shall,” “will,” or “agree(s)” are mandatory, and “may” is permissive.

(g) All references to “\$” and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(i) Any reference to any Contract shall be a reference to such agreement or Contract, as amended, amended and restated, modified, supplemented or waived.

(j) Any reference to any particular Code section or any Law shall be interpreted to include any amendment to, revision of or successor to that section or Law regardless of how it is numbered or classified; provided, that, for the purposes of the representations and warranties contained herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance, with any Code section or Law, the reference to such Code section or Law means such Code section or Law as in effect at the time of such violation or non-compliance or alleged violation or non-compliance.

(k) For all purposes of this Agreement (including the determination of a Member’s Percentage Interest and its entitlement, if applicable, to designate one or more Directors), such Member and its Permitted Transferees shall be deemed to be, and shall be treated as, one and the same Member.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**The Company:**

NIPSCO Holdings II LLC

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: President and Chief Financial Officer

*[Signature Page to Second A&R LLCA NIPSCO Holdings II LLC]*

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IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**NiSource Member:**

NIPSCO Holdings I LLC

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: President and Chief Financial Officer

Solely with respect to Article VI:

**Parent:**

NiSource Inc.

By: /s/ Shawn Anderson

Name: Shawn Anderson

Title: Executive Vice President and Chief Financial Officer

*[Signature Page to Second A&R LLCA NIPSCO Holdings II LLC]*

---

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

**BIP Investor Member:**

BIP Blue Buyer L.L.C.

By: BIP Holdings Manager L.L.C., its managing member

By: /s/ Sebastian Sherman

Name: Sebastian Sherman

Title: Senior Managing Director

**VCOC Investor Member:**

BIP Blue Buyer VCOC L.L.C.

By: BIP Holdings Manager L.L.C., its managing member

By: /s/ Sebastian Sherman

Name: Sebastian Sherman

Title: Senior Managing Director

*[Signature Page to Second A&R LLCA NIPSCO Holdings II LLC]*

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**Schedule 1  
Schedule of Members**

<b>Name</b>	<b>Address</b>	<b>Percentage Interest</b>	<b>Capital Accounts</b>
NIPSCO Holdings I LLC	NIPSCO Holdings I LLC c/o NiSource Inc. 135 North Pennsylvania Street Suite 1610 Indianapolis, IN 46204	80.1%	
BIP Blue Buyer L.L.C.	BIP Blue Buyer L.L.C. 345 Park Avenue New York, NY 10154	15.3841%	
BIP Blue Buyer VCOC L.L.C.	BIP Blue Buyer VCOC L.L.C. 345 Park Avenue New York, NY 10154	4.5159%	

[Schedule of Members]

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Schedule 2  
**Senior Management Termination Event**

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**Appendix A**  
PROHIBITED COMPETITORS

**NiSource Inc.**  
**2020 Omnibus Incentive Plan**  
**202[ ] Performance Share Unit Award Agreement**

This Performance Share Unit Award Agreement (the “Agreement”) is made and entered into as of [DATE] (the “Grant Date”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [NAME], an Employee of the Company or an Affiliate (the “Grantee”), pursuant to the terms of the NiSource Inc. 2020 Omnibus Incentive Plan, as amended (the “Plan”). Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control.

**Section 1. Performance Share Unit Award.** The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, a target award of [insert number of units] Performance Share Units (the “Target Total Award” or “TTA”). The Performance Share Units shall be represented by a bookkeeping entry with respect to the Grantee (the “PSU Account”), and each Performance Share Unit shall be settled in one Share, to the extent provided under this Agreement and the Plan. This Agreement and the award shall be null and void unless the Grantee accepts this Agreement electronically within the Grantee’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect.

**Section 2. Performance-Based Vesting Conditions.**

(a) **General.** Subject to the remainder of this Agreement, the TTA shall vest pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth in this Section 2 over the performance period [insert three year performance period] (the “Performance Period”), provided that the Grantee remains in continuous Service through [insert date after three year performance period] (the “Vesting Date”). Attainment of the performance goals shall be determined and certified by the Compensation and Human Capital Committee of the Board of Directors of the Company (the “Committee”) prior to the settlement of the TTA.

(b) **[insert metric] Performance Goal.** Subject to the terms of this Agreement and the Plan, [insert number of performance share units for this metric] (\_\_\_\_\_% of the TTA) shall be eligible to vest based on the Company’s achievement of [\_\_\_\_\_] during the Performance Period, as follows:

Performance Level(1)	[Insert metric]	Percentage of the [_____] TTA Eligible for Vesting
Trigger	[ ]	[ ]
Target	[ ]	[ ]
Stretch	[ ]	[ ]

(1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(c) **[insert metric] Performance Goals.**

(1) Subject to the terms of this Agreement and the Plan, [insert number of performance share units for this metric] (\_\_\_\_\_% of the TTA) shall be eligible to vest based on the

Company’s achievement of [ \_\_\_\_\_ ] goals during the Performance Period, as follows:

LTI Metrics-Measure	TTA Weighting	Trigger	Target	Stretch
[insert metrics]				

(2) The total of the weighted levels of achievement for the performance measures described in Section 2(c)(1) above shall be aggregated and the percentage of Performance Share Units eligible to vest under Section 2(c) shall vest in the respective percentages set forth below, as applicable.

Performance Levels(1)	Percentage of the TTA Vesting Based on Achievement
Trigger	[ ]
Target	[ ]
Stretch	[ ]

(1) The vesting percentage for performance between performance levels shall be determined based on linear interpolation.

(d) Definitions.

[insert metric definitions.]

**Section 3. Termination of Employment.**

(a) Termination of Service Prior to Vesting Date. Except as set forth below, if the Grantee’s Service is terminated for any reason prior to the Vesting Date, then the Grantee shall forfeit the Performance Share Units credited to the Grantee’s PSU Account.

(b) Retirement, Disability or Death.

(1) Notwithstanding the foregoing, in the event that the Grantee’s Service terminates prior to the Vesting Date as a result of the Grantee’s (i) Retirement, (ii) Disability, or (iii) death and such death occurs with less than or equal to twelve months remaining in the Performance Period, then the Grantee (or the Grantee’s beneficiary or estate in the case of the Grantee’s death) shall vest in a *pro rata* portion of the Performance Share Units, based on the actual performance results for the Performance Period. Such *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of Performance Share Units earned based on actual performance by a fraction, where the numerator shall

equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.

- (2) If the Grantee terminates Service due to death prior to the Vesting Date and with more than 12 months remaining in the Performance Period, then the Grantee's beneficiary or estate shall vest, on the date of termination, in a *pro rata* portion of the target Performance Share Units. Such *pro rata* portion of the Performance Share Units shall be determined by multiplying the number of target Performance Share Units by a fraction, where the numerator shall equal the number of calendar months (including partial calendar months) that have elapsed from the Grant Date through the date of the Grantee's termination of Service, and the denominator shall be the number of calendar months (including partial calendar months) that have elapsed between the Grant Date and the Vesting Date.
  - (3) "Retirement" means the Grantee's termination from Service at or after attainment of age 55 and completion of at least 10 years of continuous Service measured from the Grantee's most recent date of hire with the Company or an Affiliate.
- (c) Change in Control; Good Reason. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Performance Share Units under this Agreement shall be subject to the Change in Control provisions set forth in the Plan. Notwithstanding any other agreement between the Company and the Grantee, the "Good Reason" definition set forth in the Plan shall govern this award.

**Section 4. Delivery of Shares.** Subject to the terms of this Agreement and except as otherwise provided for herein, the Company shall convert the Performance Share Units in the Grantee's PSU Account into Shares and issue or deliver the total number of Shares due to the Grantee within 60 days following the Vesting Date (but in any event no later than the March 15th immediately following the year in which the substantial risk of forfeiture with respect to the Performance Share Units lapses) or, if earlier, within 30 days following (a) the Grantee's death in accordance with Section 3(b)(2), (b) Grantee's termination of Service without Cause or due to Good Reason in accordance with the Change in Control provisions of the Plan or (c) a Change in Control in the event the Performance Share Units do not become Alternative Awards under the Plan. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has issued or distributed the vested Performance Share Units, the Company shall transfer any Shares with respect to the vested Performance Share Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided. The issuance or delivery of the Shares hereunder shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 5.

**Section 5. Withholding of Taxes.** As a condition precedent to the delivery to Grantee of any Shares upon vesting of the Performance Share Units, Grantee shall, upon request by the Company, pay to the Company such amount of cash as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Performance Share Units. If Grantee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Grantee or withhold Shares. Grantee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (a) a cash payment to the Company; (b) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having a Fair Market Value, determined as of the date the obligation to withhold or pay taxes first arises in connection with the Performance Share Units

(the “Tax Date”), equal to the Required Tax Payments; (c) authorizing the Company to withhold from the Shares otherwise to be delivered to Grantee upon the vesting of the Performance Share Units, a number of whole Shares having a Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (d) any combination of (a), (b) and (c). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a Share which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by Grantee. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

**Section 6. Compliance with Applicable Law.** Notwithstanding anything contained herein to the contrary, the Company’s obligation to issue or deliver certificates evidencing the Performance Share Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the Performance Share Units shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Code Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Company’s Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Code Section 409A.

**Section 7. Restriction on Transferability.** Except as otherwise provided under the Plan, until the Performance Share Units have vested under this Agreement, the Performance Share Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Share Units.

**Section 8. Grantee’s Rights Unsecured.** The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee’s PSU Account, any Shares or any other specific assets of the Company. All amounts credited to the Grantee’s PSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate.

**Section 9. No Rights as Stockholder or Employee; Dividend Equivalent Rights.**

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Share Units subject to this Agreement, nor shall the Company have any obligation to issue any dividend or otherwise afford any rights to which Shares are entitled with respect to any such Performance Share Units. Notwithstanding the foregoing, in the event that the Company declares a cash dividend or distribution on Shares, the Grantee will be credited with Dividend Equivalent Rights equal to the amount of the cash dividend or distribution per Share multiplied by the number of Performance Share Units granted by this Agreement and held by the Grantee on the dividend’s or distribution’s record date (as adjusted for any proration due to the Grantee’s retirement, death or disability). The Dividend Equivalent Rights credited to the Grantee under the preceding sentence will be deemed to be reinvested in additional Performance Share Units, which will be subject to the

same terms regarding vesting, forfeiture, and Dividend Equivalent Rights as Performance Share Units awarded to the Grantee under this Agreement. Following the Performance Period, the Grantee will be entitled to receive a cash payment equal to the value of the accrued Dividend Equivalent Rights multiplied by the vested percentage of the TTA determined under Sections 2(b), 2(c) and 2(d) above.

- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

**Section 10. Adjustments.** If at any time while the Award is outstanding, the number of outstanding Performance Share Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan (in each case as determined by the Committee), the number and kind of Performance Share Units and the performance goals, as applicable, shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in the Change in Control provisions of the Plan, any Performance Share Units may be replaced by Alternative Awards or forfeited in exchange for payment of cash in accordance with the Change in Control procedures and provisions of the Plan, as determined by the Committee.

**Section 11. Notices.** Any notice hereunder by the Grantee shall be given to the Company in writing, and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271 (or at such other address as the Company may designate by notice to the Grantee). Any notice hereunder by the Company shall be given to the Grantee in writing, and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

**Section 12. Administration.** The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

**Section 13. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

**Section 14. Entire Agreement; Agreement Subject to Plan.** This Agreement and the Plan contain all of the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Grantee hereby acknowledges receipt of a copy of the Plan.

**Section 15. Code Section 409A Compliance.** This Agreement and the Performance Share Units granted hereunder are intended to be exempt from Code Section 409A to the maximum extent possible, and shall be interpreted and construed accordingly.

**Section 16. Restrictive Covenant.**

- (a) The Grantee understands the nature of the Company's business and the significant time and expense the Company and its Affiliates (collectively referred to in this Section as "NiSource") have expended and continue to expend in attracting,

developing, recruiting and training employees and that the loss of employees would cause significant and irreparable harm to NiSource. Accordingly, the Grantee agrees that the scope and duration of the restriction described in this Section 16 is reasonable and necessary to protect the legitimate business interests of NiSource. The Grantee agrees that during the period of the Grantee's Service and for a period of one (1) year following the Grantee's separation from Service, the Grantee shall not, without the express written approval of NiSource's Chief Human Resources Officer, directly or indirectly solicit, hire, recruit, or attempt to solicit, hire, or recruit, any then-current employee of NiSource or any employee who has been employed by NiSource in the six (6) months preceding such solicitation, hiring, or recruitment ("Covered Employee"). Soliciting, recruiting, or hiring Covered Employees with whom Grantee did not work or have direct contact while at NiSource to work as an employee, contractor, consultant or otherwise, shall not be considered a violation of this Section 16(a), provided, however, that Grantee does not solicit, employ or hire such employee with an intent to compete with NiSource in violation of this Section 16(a). Notwithstanding the foregoing, nothing in this Section shall restrict or preclude the Grantee from soliciting or hiring any employee who responds to a general employment solicitation or advertisement or contact by a recruiter that is not specifically focused or targeted on employees or former employees of NiSource, provided that the Grantee has not encouraged or advised such.

- (b) If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section is invalid or unenforceable, the parties agree that (a) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (b) the parties shall request that the court exercise that power, and (c) this Agreement in its revised form shall be enforceable.
- (c) Grantee agrees that in the event of a breach or threatened breach of the covenants contained in Section 16(a), in addition to any other damages or restrictions that may apply under any employment agreement, state law, or otherwise, the Grantee shall forfeit, upon written notice to such effect from the Company, any and all Awards granted to the Grantee under this Agreement, including vested Awards and including any proceeds thereof. The forfeiture provisions of this Section shall continue to apply, in accordance with their terms, after the provisions of any employment or other agreement between the Company and the Grantee have lapsed. Grantee expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions of this Section 16 may result in substantial, continuing, and irreparable injury to NiSource, and therefore agrees that, in addition to any other remedy that may be available to NiSource, NiSource shall be entitled to seek injunctive relief, specific performance, or other equitable relief (without the requirement to post bond) by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 16 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Grantee expressly acknowledges that Grantee's violation of this Section 16 will entitle NiSource to other equitable and legal remedies, including damages, attorney's fees, and costs, as allowed by law. The provisions of this Section 16 shall continue to apply, in accordance with their terms, after the Grantee's Service has terminated and regardless of whether the provisions of any employment or other agreement between the Company and the Grantee have lapsed.

- (d) In the event the Grantee is required to forfeit outstanding vested Shares as a result of breaching the Grantee's obligations under this Section 16, the Grantee agrees to promptly execute such stock powers or other instruments of transfer in such forms as are acceptable to the Company without payment or other consideration therefor.

**IN WITNESS WHEREOF**, the Company has caused the Performance Share Units subject to this Agreement to be granted, and the Grantee has accepted the Performance Share Units subject to the terms of the Agreement, as of the date first above written.

**NISOURCE INC.**

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By: Melanie Berman  
Its: Senior Vice President and Chief Human Resources Officer

## SUBSIDIARIES OF NISOURCE

as of December 31, 2023

### Segment/Subsidiary

	<b>State of Incorporation</b>
<b>GAS DISTRIBUTION OPERATIONS</b>	
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Massachusetts
Columbia Gas of Kentucky, Inc.	Kentucky
Columbia Gas of Maryland, Inc.	Delaware
Columbia Gas of Ohio, Inc.	Ohio
Columbia Gas of Pennsylvania, Inc.	Pennsylvania
Columbia Gas of Virginia, Inc.	Virginia
NiSource Gas Distribution Group, Inc.	Delaware
<b>ELECTRIC OPERATIONS</b>	
Northern Indiana Public Service Company LLC*	Indiana
RoseWater Wind Generation LLC	Indiana
RoseWater Wind Farm LLC	Delaware
Indiana Crossroads Wind Generation LLC	Indiana
Indiana Crossroads Wind Farm LLC	Delaware
Dunn's Bridge I Solar Generation LLC	Delaware
Dunn's Bridge II Solar Generation LLC	Delaware
Cavalry Solar Generation LLC	Delaware
Elliot Solar Generation LLC	Delaware
Fairbanks Solar Generation LLC	Delaware
Indiana Crossroads Solar Generation LLC	Delaware
Meadow Lake Solar Park LLC	Delaware
Dunns Bridge Solar Center, LLC	Delaware
Gibson Solar Generation LLC	Delaware
<b>CORPORATE AND OTHER OPERATIONS</b>	
Columbia Gas of Ohio Receivables Corporation	Delaware
Columbia Gas of Pennsylvania Receivables Corporation	Delaware
NIPSCO Accounts Receivable Corporation	Indiana
NiSource Corporate Group, LLC	Delaware
NiSource Corporate Services Company	Delaware
NiSource Development Company, Inc.	Indiana
NiSource Energy Technologies, Inc.	Indiana
NiSource Insurance Corporation, Inc.	Utah
Lake Erie Land Company	Indiana
EnergyUSA-TPC, Inc.	Indiana (Inactive)
NIPSCO Holdings I LLC	Delaware
NIPSCO Holdings II LLC	Delaware

\* Reported under Gas Distribution Operations and Electric Operations.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-268084 on Form S-3, Registration Statement Nos. 333-107743, 333-166888, 333-228102, 333-233382, 333-238501, 333-248405, 333-260906 on Form S-8, and Registration Statement Nos. 333-228790 and 333-228791 on Form S-4 of our reports dated February 21, 2024, relating to the consolidated financial statements of NiSource Inc. and subsidiaries (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
February 21, 2024

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

I, Lloyd M. Yates, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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: February 21, 2024

By:

/s/ Lloyd M. Yates

Lloyd M. Yates

President and Chief Executive Officer



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

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 31, 2023 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 result of operations of the Company.

/s/ Lloyd M. Yates

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Lloyd M. Yates  
President and Chief Executive Officer

Date: February 21, 2024

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

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 31, 2023 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 result of operations of the Company.

/s/ Shawn Anderson

---

Shawn Anderson

Executive Vice President and Chief Financial Officer

Date: February 21, 2024

## NISOURCE INC.

### COMPENSATION RECOUPMENT POLICY

In the event of any required accounting restatement of the financial statements of NiSource Inc. (the “Company”) due to the material noncompliance of the Company with any financial reporting requirement under the applicable U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “Restatement”), the Company shall recover reasonably promptly from any person, who is or was an “Executive Officer,” as such term is defined in Rule 10D-1 adopted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 303A.14 of the NYSE’s listing standards, of the Company (each, a “Covered Person”) the amount of any “Erroneously Awarded Incentive-Based Compensation” (as defined below). This Policy shall be effective as of October 2, 2023, the effective date of Section 303A.14 of the NYSE’s listing standards (the “Effective Date”).

The amount of Incentive-Based Compensation (as defined below) that must be recovered from a Covered Person pursuant to the immediately preceding paragraph is the amount of “Recoverable Incentive-Based Compensation” (as defined below) received by a Covered Person that exceeds the amount of Recoverable Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid (referred to as the “Erroneously Awarded Incentive-Based Compensation”). For Recoverable Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return, as applicable, upon which the Recoverable Incentive-Based Compensation was received, and the Company must maintain documentation of that reasonable estimate and provide such documentation to the New York Stock Exchange (the “NYSE”). For the purposes of this Policy, Recoverable Incentive-Based Compensation will be deemed to be received in the fiscal period during which the financial reporting measure specified in the applicable Incentive-Based Compensation award is attained, even if the payment or grant occurs after the end of that period. The Compensation and Human Capital Committee (the “Committee”) (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board), shall determine the amount of Erroneously Awarded Incentive Based-Compensation.

For purposes of this Policy, “Incentive-Based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a “financial reporting measure,” which means a measure that is determined and presented in accordance with Generally Accepted Accounting Principles which are used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures for this purpose. For avoidance of doubt, a financial reporting measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

For purposes of this Policy, “Recoverable Incentive-Based Compensation” means all Incentive-Based Compensation received on or after the Effective Date of this Policy set forth above by a Covered Person: (i) after beginning service as an executive officer; (ii) who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation; (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (iv) during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement, including

any applicable transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. For this purpose, the Company is deemed to be required to prepare a Restatement on the earlier of: (i) the date the Board of Directors of the Company (the "Board"), or the Company's officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; and (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. The Company's obligation to recover Erroneously Awarded Incentive-Based Compensation is not dependent on if or when the restated financial statements are filed with the Securities and Exchange Commission.

The Company shall recover the Erroneously Awarded Incentive-Based Compensation from Covered Persons unless the Compensation and Human Capital Committee of the Board of Directors (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board) determines that recovery is impracticable because: (i) the direct expense to a third party to assist in enforcing this Policy would exceed the amount of Erroneously Awarded Incentive-Based Compensation; provided that, the Company must make a reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation before concluding that recovery is impracticable, document such reasonable attempt to recover the Erroneously Awarded Incentive-Based Compensation and provide such documentation to the NYSE; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the applicable requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

In no event will the Company indemnify any Covered Person for any amounts that are recovered under this Policy, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Person to fund potential clawback obligations under this Policy. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or right of offset against any employees that is required pursuant to any statutory repayment requirement (regardless of whether implemented at any time prior to or following the adoption or amendment of this Policy), including Section 304 of the Sarbanes-Oxley Act of 2002. Any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered in determining any amounts recovered under this Policy.

The application and enforcement of this Policy does not preclude the Company from taking any other action to enforce a Covered Person's obligations to the Company, including termination of employment or institution of legal proceedings. Nothing in this Policy restricts the Company from seeking recoupment under any other compensation recoupment Policy or any applicable provisions in plans, agreements, awards or other arrangements that contemplate the recoupment of compensation from a Covered Person. If a Covered Person fails to repay Erroneously Awarded Incentive-Based Compensation that is owed to the Company under this Policy, the Company shall take all appropriate action to recover such Erroneously Awarded Incentive-Based Compensation from the Covered Person, and the Covered Person shall be required to reimburse the Company for all expenses (including legal expenses) incurred by the Company in recovering such Erroneously Awarded Incentive-Based Compensation.

The terms of this Policy shall be binding and enforceable against all Covered Persons subject to this Policy and their beneficiaries, heirs, executors, administrators or other legal representatives. If any provision of this Policy or the application of such provision to any Covered Person shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision (or the application of such provision) valid, legal or enforceable.

Each Covered Person shall sign and return to the Company, within 30 calendar days following the later of (i) the Effective Date of this Policy first set forth above or (ii) the date the individual becomes a Covered Person, the Acknowledgement Form attached hereto as Exhibit A, pursuant

to which the Covered Person agrees to be bound by, and to comply with, the terms and conditions of this Policy. Notwithstanding, Covered Persons who are no longer employed with the Company at the time this Policy is implemented will be provided a copy of this Policy for their information and will not be required to sign and return an Acknowledgment Form.

This Policy shall be interpreted in a manner that is consistent with Rule 10D-1 under the Exchange Act, Section 303A.14 of the NYSE Listed Company Manual and any related rules or regulations adopted by the Securities and Exchange Commission or the NYSE (the “Applicable Rules”) as well as any other applicable law. To the extent the Applicable Rules require recovery of incentive-based compensation in additional circumstances beyond those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover incentive-based compensation to the fullest extent required by the Applicable Rules.

This Policy shall be administered by the Committee, and any determinations made by the Committee shall be final, conclusive and binding on all persons, including the Company. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy and for the Company’s compliance with NYSE Rules, Section 10D, Rule 10D-1 and any other applicable law, regulation, rule or interpretation of the SEC or NYSE promulgated or issued in connection therewith. The Committee may amend this Policy from time to time as it deems necessary.

The Committee shall determine, in its sole discretion, the timing and method for reasonably promptly recouping Erroneously Awarded Incentive-Based Compensation, which may include without limitation a) seeking reimbursement of all or part of any cash or equity-based award, b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, c) cancelling or offsetting against any planned future cash or equity-based awards, d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder, e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Committee may affect recovery under this Policy from any amount otherwise payable to the Covered Person, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred.

Any members of the Committee, or members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation.

**EXHIBIT A**

**NiSource Inc.**

**COMPENSATION RECOUPMENT POLICY**

**ACKNOWLEDGEMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the NiSource Inc. (the "Company") Compensation Recoupment Policy (the "Policy").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Incentive-Based Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

**COVERED PERSON**

\_\_\_\_\_

Signature

\_\_\_\_\_

Print Name

\_\_\_\_\_

Date