
VERIFIED DIRECT TESTIMONY OF ANTHONY WILLIAMS

1 **Q1. Please state your name and business address.**

2 A1. My name is Anthony Williams. My business address is 290 W. Nationwide Blvd.,
3 Columbus, Ohio 43215.

4 **Q2. By whom are you employed and in what capacity?**

5 A2. I am employed by NiSource Corporate Services Company, a subsidiary of
6 NiSource Inc. ("NiSource"), as its Assistant Treasurer. In this position, I am
7 responsible for maintaining the capital structure of NiSource and its subsidiaries.
8 I manage the external capital raising activities for NiSource and inter-company
9 financing activities for NiSource's subsidiaries as well as provide regulatory
10 support for utility rate proceedings and financing petitions.

11 **Q3. On whose behalf are you submitting this direct testimony?**

12 A3. I am submitting this testimony on behalf of Northern Indiana Public Service
13 Company LLC ("NIPSCO" or "Company").

14 **Q4. Please describe your professional experience.**

1 A4. Prior to moving into my current position, I served as Corporate Finance Manager,
2 Lead Financial Analyst, and Senior Financial Analyst at NiSource.

3 **Q5. Please describe your educational background.**

4 A5. I hold a Bachelor of Science degree from Ohio State University, Columbus, Ohio.

5 **Q6. Do you hold any professional designations?**

6 A6. Yes. I am a Certified Public Accountant (CPA) in the State of Ohio.

7 **Q7. Are you a member of any industry or professional organizations?**

8 A7. Yes. I am a member of the Ohio Society of CPAs.

9 **Q8. Have you previously testified before this or any other regulatory commission?**

10 A8. Yes. I testified before the Indiana Utility Regulatory Commission ("Commission")
11 supporting (1) NIPSCO's request for approval of its 2023-2024 financing plan in
12 Cause No. 45737, (2) NIPSCO's request to amend its 2023-2024 financing plan in
13 Cause No. 46048, and (3) NIPSCO's request for approval of its 2025 financing plan
14 in Cause No. 46106.

15 **Q9. What is the purpose of your testimony?**

16 A9. The purpose of my testimony is to explain and support NIPSCO's request for a
17 certificate of authority to secure up to \$1,000,000,000 through the issuance of

bonds, notes, or other evidences of indebtedness from time to time during the period January 1, 2026 through December 31, 2026 (the "Financing Period").

Q10. Are you sponsoring any attachments to your direct testimony?

A10. Yes. I am sponsoring Attachment 1-A through Attachment 1-D, all of which were prepared by me or under my direction and supervision.

Q11. Please describe Attachment 1-A.

A11. Attachment 1-A is a copy of the Verified Petition filed in this Cause, including Attachments A through D thereto.

Q12. What is NIPSCO requesting in this proceeding?

A12. NIPSCO is requesting a certificate of authority to issue bonds, notes, or other evidences of indebtedness ("Notes") to NiSource ("NIS Notes") or to unaffiliated parties in the external capital markets ("Market Notes") from time to time during the Financing Period with maturities ranging from two to thirty years in an aggregate principal amount not to exceed \$1,000,000,000 for the purpose of funding or reimbursing NIPSCO for the cost of ongoing capital requirements in support of NIPSCO's public service obligations and refunding short term debt, and for other corporate purposes including paying the issuance expenses related to the new debt (the "Financing Plan"). NIPSCO is seeking approval of this

1 Financing Plan because its current financing authority granted by the Commission
2 in Cause No. 46106, in the aggregate amount of \$1,000,000,000, will expire as of
3 December 31, 2025.

4 **Q13. Does NIPSCO intend to continue to file periodic general financing petitions**
5 **going forward?**

6 A13. Yes. NIPSCO intends to continue to file periodic general financing petitions going
7 forward.

8 **Q14. Please describe NIPSCO's Financing Plan.**

9 A14. As noted above, NIPSCO is requesting authority to secure up to \$1,000,000,000 for
10 the issuance of NIS Notes or Market Notes during the Financing Period. NIPSCO
11 is requesting authority for a flexible Financing Plan with various financing options
12 to provide NIPSCO with maximum financial flexibility. This will allow NIPSCO
13 to obtain cost-effective and timely long-term financing and allow NIPSCO to
14 appropriately ladder its debt maturities and avoid a high degree of refinancing
15 risk in any particular year. A flexible Financing Plan also allows NIPSCO to take
16 advantage of favorable interest rates and market conditions as they arise.

17 **Q15. Has NIPSCO's Board of Managers approved NIPSCO's Financing Plan for the**
18 **issuance of NIS Notes or Market Notes during the Financing Period?**

1 A15. Yes. NIPSCO's Board of Managers approval is attached as Attachment 1-B.

2 **Q16. Please describe the proposed financing to support NIPSCO's ongoing capital**
3 **requirements, the repayment of short-term debt, and for general corporate**
4 **purposes.**

5 A16. NIPSCO is requesting authority to issue up to \$1,000,000,000 of Notes to be used
6 in the normal course of NIPSCO's business to support its ongoing capital
7 requirements and service improvements, the repayment of short-term debt, and
8 for general corporate purposes. NIPSCO makes capital investments in the normal
9 course of business to meet its public service obligations. NIPSCO anticipates it
10 will have general capital requirements and service improvements that touch every
11 part of NIPSCO's electric and gas systems during the Financing Period.

12 **Q17. Is it possible NIPSCO could need additional financing authority, beyond what**
13 **is requested herein, during the Financing Period?**

14 A17. Yes. NIPSCO's current request is tailored to its expected capital expenditures.
15 However, to the extent additional capital projects were identified, or if certain
16 projects were to be completed earlier than anticipated, NIPSCO could need
17 additional financing authority. While not anticipated, if this were to be the case,
18 NIPSCO would seek the required financing approvals from the Commission.

1 **Q18. Why is NIPSCO requesting authority to issue Notes with various terms ranging**
2 **from two to thirty years?**

3 A18. NIPSCO requests authority to issue Notes with various terms in order to:

4 (1) allow NIPSCO to appropriately ladder its debt maturities and avoid high
5 levels of refinancing risk in any particular year;

6 (2) match the financing term of a Note issued with the life of the underlying
7 assets; and

8 (3) issue separate Notes for multiple purposes, each having different time
9 horizons.

10 **Q19. How does NIPSCO propose to implement its Financing Plan?**

11 A19. NIPSCO proposes to implement most of the Financing Plan by issuing either NIS
12 Notes or Market Notes.

13 **Q20. Please describe the NIS Notes and how the interest rate will be determined for**
14 **the NIS Notes.**

15 A20. If utilized, the NIS Notes would be unsecured and would be issued during the
16 Financing Period. The NIS Notes will be issued for terms ranging from two to
17 thirty years, will bear an interest rate that corresponds to the pricing being offered

to companies with financial profiles similar to NIPSCO, and will reflect market conditions at the time of issuance. NIPSCO will determine the interest rate of the NIS Notes by directly referencing the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. (as reported in the Bloomberg "IGUUAЕ" Index (or equivalent index) Historical Price Table) for companies with a credit risk profile equivalent to that of NIPSCO effective on the date such NIS Notes are issued. NIPSCO's senior unsecured debt is currently rated BBB+ by Standard and Poor's ("S&P") with a stable outlook and Baa1 by Moody's Investors Service ("Moody's") with a stable outlook. To the extent that a split-rating shall occur between the respective S&P and Moody's ratings, the higher credit rating shall apply to the interest rate calculation methodology described above. Attachment 1-C provides an example of the Bloomberg Finance "IGUUAЕ" Index Historical Price Table as of June 30, 2025. The NIS Notes will not reflect any mark-up by NiSource.

Q21. Is the method that will be used to determine the interest rate for NIS Notes the same method that was previously approved by this Commission?

A21. Yes. The interest rate calculation methodology would be the same approach authorized by the Commission in Cause No. 46106.

1 **Q22. What are the benefits to NIPSCO and its ratepayers of using NIS Notes?**

2 A22. If utilized, NIS Notes will bear interest costs similar to a public debt offering
3 because the interest rate will be based upon market interest rates for companies
4 with financial profiles and credit ratings similar to NIPSCO. The NIS Notes would
5 allow NIPSCO to avoid significant transaction costs that would be associated with
6 a public debt offering or private placement transaction, such as underwriting or
7 placement fees, which would range from 0.25% to 0.875% of the principal value of
8 the Notes, or approximately \$2,500,000 to \$8,750,000. The NIS Notes would also
9 allow NIPSCO to avoid legal, accounting, auditing, and rating agency fees
10 associated with a public debt offering. I estimate these fees would be in the range
11 of \$2,500,000 to \$3,500,000 if the entire \$1,000,000,000 were financed via a public
12 debt offering.

13 **Q23. Does NIPSCO's relationship with NiSource require NIPSCO to obtain all of its**
14 **debt financing from NiSource?**

15 A23. No. NIPSCO is requesting authority for flexibility to obtain debt financing
16 through several alternative options.

17 **Q24. Please describe the Market Notes and how the interest rate would be**
18 **determined for Market Notes.**

1 A24. Market Notes would be issued in the external capital markets using one of four
2 possible approaches: (1) a traditional public debt offering that would utilize a
3 conventional Indenture of Trust; (2) a Rule 144A quasi-public debt offering that
4 would also utilize an Indenture of Trust; (3) tax-exempt notes issued through the
5 Indiana Finance Authority; and (4) a traditional private placement debt offering
6 that would utilize a Note Purchase Agreement directly between NIPSCO and the
7 note purchasers. If these Market Notes are issued, the obligations would be
8 evidenced by a promissory note and an Indenture of Trust, Note Purchase
9 Agreement, or similar document, under terms mutually agreeable to NIPSCO and
10 a qualified financial institution in conformity with generally accepted market
11 conventions. The terms for the issuance of such Market Notes will be established
12 through negotiated offerings in which NIPSCO will negotiate the terms of each
13 offering with such underwriters, purchasers or agents. Market Notes would be
14 issued on a senior unsecured basis for a term of between two and thirty years at
15 either a fixed or variable rate.

16 **Q25. Please explain the possibilities for the issuance of tax-exempt debt.**

17 A25. Opportunities may arise to participate in tax-exempt financings through the
18 Indiana Finance Authority or other economic development agencies in connection
19 with certain projects. NIPSCO requests that the authority granted in this

proceeding be broad enough to allow NIPSCO to take advantage of these opportunities when, and if, they arise.

Q26. Please provide the debt ratings for NIPSCO and NiSource.

A26. The debt ratings for NIPSCO and NiSource are as follows:

	NIPSCO	NiSource
S&P	BBB+	BBB+
Moody's	Baa1	Baa2
Fitch	BBB	BBB

Attachment 1-D is a copy of the credit reports from each applicable rating agency supporting NIPSCO's and NiSource's most recent debt ratings.

Q27. What factors will NIPSCO consider when selecting the type and maturity of Notes to be issued by NIPSCO during the Financing Period?

A27. The main factors NIPSCO will consider when selecting the type and maturity of Notes to be issued during the Financing Period include: (1) appropriately laddering NIPSCO's debt maturities to avoid high levels of refinancing risk in any particular year; (2) NIPSCO's general preference for matching the maturity of a Note with the life of the underlying asset; and (3) prevailing capital market conditions.

1 **Q28. What is the net effect of the proposed Financing Plan to NIPSCO's balance**
2 **sheet?**

3 A28. The net effect of the Financing Plan to NIPSCO's balance sheet is shown on
4 Attachment 1-A, Attachment C, Page 2. The total effect of the Financing Plan
5 would be to increase NIPSCO's long-term debt by approximately \$1,000,015,000.

6 **Q29. How will the Financing Plan affect NIPSCO's total outstanding capitalization**
7 **in relation to the total fair value of NIPSCO's assets?**

8 A29. In Attachment 1-A, Attachment D, NIPSCO has illustrated what the total fair value
9 of NIPSCO's assets is expected to be when considering approved investments
10 reflected in Cause Nos. 45967 and 46120. The total fair value finding in NIPSCO's
11 most recent gas and electric orders is \$12,726,132,000 (\$3,596,318,000 in Cause No.
12 45967 and \$9,129,813,000 in Cause No. 46120). As shown in Attachment 1-A,
13 Attachment D, the Financing Plan will result in a total capitalization of
14 \$12,115,467,000, an amount which is less than the total fair value amount reflected
15 in Attachment 1-A, Attachment D.

16 **Q30. Is approval of NIPSCO's financing requested herein in the public interest?**

17 A30. Yes. Under Ind. Code § 8-1-2-79, when determining whether the proposed
18 financing is in the public interest, the Commission is directed to consider the

1 utility's capitalization as compared to total value of the utility's property.
2 However, this comparison includes not only current assets, but also the "property
3 to be acquired by the proposed issue." As described above, the Financing Plan
4 will result in a total capitalization that is less than the total fair value amount
5 reflected in Attachment 1-A, Attachment D. For this reason, approval of the
6 requested financing is in the public interest.

7 **Q31. Will the Financing Plan result in a reasonable overall capital structure for**
8 **NIPSCO?**

9 A31. Yes. Both NIPSCO's current capital structure and the capital structure that will
10 result from the Financing Plan are reasonable.

11 **Q32. Does the amount of debt that NIPSCO plans to issue through the Financing Plan**
12 **exceed an amount that is reasonably necessary?**

13 A32. No. NIPSCO is requesting authority to issue NIS Notes and/or Market Notes in
14 an aggregate principal amount not to exceed \$1,000,000,000 to support NIPSCO's
15 capital requirements in the normal course of business, the repayment of short-term
16 debt, and for general corporate purposes. The amount of debt that NIPSCO plans
17 to issue through the Financing Plan is appropriate because it will result in a

1 reasonable overall capital structure, and support NIPSCO's ongoing provision of
2 public utility service to its customers.

3 **Q33. Does NIPSCO's Financing Plan serve the public interest?**

4 A33. Yes. NIPSCO's Financing Plan is reasonably necessary in the operation and
5 management of NIPSCO's business because it provides NIPSCO flexibility to
6 secure cost-effective and timely long-term financing, appropriately ladder its debt
7 maturities and avoid high levels of refinancing risk in any particular year, and to
8 take advantage of favorable interest rates and market conditions as they arise.

9 **Q34. Please describe NIPSCO's proposed reporting requirements.**

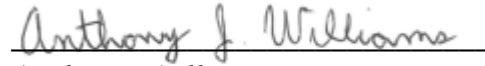
10 A34. Consistent with NIPSCO's current reporting requirements in Cause No. 46106,
11 NIPSCO agrees to: (1) provide the Commission and OUCC with documentation
12 of NIPSCO's management and Board of Managers approval before NIPSCO issues
13 bonds, notes, or other evidence of indebtedness; (2) provide the approval of
14 NIPSCO's management and Board of Managers when a financing request is filed;
15 and (3) provide a written report to both the Commission and OUCC within 30
16 days of the issuance of any bonds, notes, or other evidence of indebtedness.

17 **Q35. Does this conclude your prefiled direct testimony?**

18 A35. Yes.

VERIFICATION

I, Anthony Williams, Assistant Treasurer for NiSource Corporate Services Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.


Anthony Williams

Dated: July 14, 2025

Attachment 1-A

[Verified Petition – not duplicated herein]

**UNANIMOUS WRITTEN CONSENT
OF
THE BOARD OF MANAGERS
OF
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC**

The undersigned, being all the managers of Northern Indiana Public Service Company LLC, an Indiana limited liability company (the “Company”), do hereby consent and agree to the adoption of the following recital and resolutions in lieu of a special meeting of the Board of Managers (the “Board”) pursuant to Section 23-18-4-3 of the Indiana Business Flexibility Act:

LONG-TERM FINANCING PETITION

WHEREAS, the Company has recommended to the Board, and the Board has determined, that it is in the Company’s interest to approve the Company’s long-term financing plan for 2026 (“Long-Term Financing Plan”), authorizing the Company to issue long-term debt in an aggregate amount not to exceed \$1 billion and as described in the Indiana Utility Regulatory Commission (the “IURC”) financing petition, subject to approval from the IURC;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the Company’s Long-Term Financing Plan for 2026, authorizing the Company to issue long-term debt in an aggregate amount not to exceed \$1 billion and as described in the IURC financing petition, subject to approval of the Long-Term Financing Plan by the IURC;

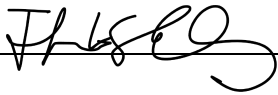
FURTHER RESOLVED, that the Company is hereby authorized to prepare and file a petition with the IURC seeking approval of the Company’s Long-Term Financing Plan, and that each of the President, any Vice President, the Treasurer, and any Assistant Treasurer (the “Authorized Officers”), and any other employee of the Company or any of its affiliates whom any of the Authorized Officers may designate, is hereby authorized to prepare, execute and deliver for and on behalf of the Company such petition, testimony, attestation, oral or written response, document, agreement, or certificate, and to take any and all additional actions, as such Authorized Officer or employee shall determine to be necessary or appropriate, and which is deemed advisable, necessary, and appropriate by the Company’s legal counsel, in connection with the Long-Term Financing Plan petition to the IURC or otherwise to effect the purpose and intent of the foregoing recitals and resolutions, such determination to be conclusively evidenced by the execution and delivery of such petition, testimony, attestation, documents, agreements and certificates or the taking of such acts;

FURTHER RESOLVED, that any and all actions heretofore taken or caused to be taken by any officer of the Company in connection with the Long-Term Financing Plan

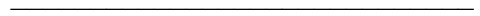
and corresponding IURC petition contemplated by the foregoing recital and resolutions are hereby ratified, confirmed, approved and adopted in all respects.

FURTHER RESOLVED, that this consent may be signed by one or more counterpart signatures, each of which signature shall be deemed an original, and all of which together shall constitute one and the same instrument. Furthermore, delivery of a copy of such signature by facsimile transmission or other electronic methodology shall constitute a valid and binding execution and delivery of this consent by the signatory thereof, and such electronic copy shall constitute an enforceable original instrument.

Dated: July 8, 2025

A handwritten signature in black ink, appearing to read "J Shikany", is written over a horizontal line.

Jennifer Shikany

A solid horizontal line intended for a signature.

Melody Birmingham

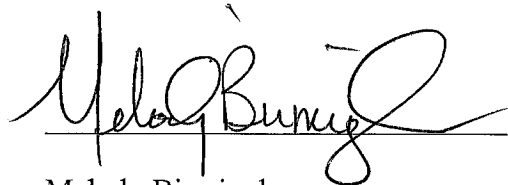
Being all the Managers of the Company

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Dated: July 8, 2025

Jennifer Shikany

A handwritten signature in cursive script, appearing to read "Melody Birmingham", written over a horizontal line.

Melody Birmingham

Being all the Managers of the Company

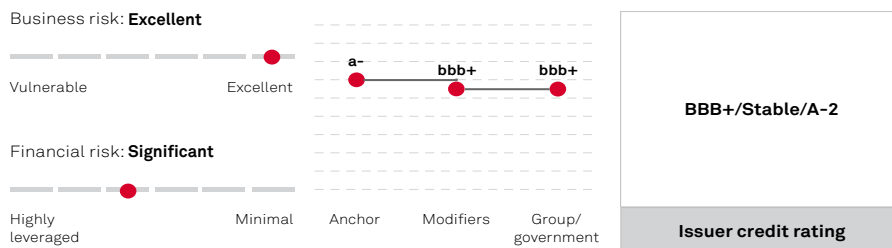
IGUUAE30 BVLI 5.9027 As 030 Jun										
USD US Utilities BBB+ BVAL Yield Curve 30 Year										
IGUUAE30 BVLI Index		Export		Settings		Page 1/1 Historical Price Table				
USD UTI 30						High	5.9027 on		06/30/25	
Range	06/30/2025 - 06/30/2025		Period	Daily	Low	5.9027 on		06/30/25		
Fields	Last Price Mid Price		Currency		Average	5.9027		5.9027		
View	Price Table		Source	BVAL	Net Chg	0.0000		0.00%		
	Date	Last Price	Mid Price	Date	Last Price	Mid Price	Date	Last Price	Mid Price	
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NiSource Inc.

July 2, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



Primary contact

Matthew L O'Neill

New York
1-212-438-4295
matthew.oneill
@spglobal.com

Secondary contact

Phalguni Adalja, CFA

Toronto
1-416-507-3212
phalguni.adalja
@spglobal.com

Research contributor

Radhika Gavhankar

CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Pune

Credit Highlights

Overview

Key strengths	Key risks
Lower-risk regulated and vertically integrated electric and gas distribution operations.	Robust capital-spending plan, mostly for renewable energy transition and investments in electric and natural gas infrastructure to enhance safety and reliability.
Effective management of regulatory risk through continued use of regulatory mechanisms in credit-supportive jurisdictions.	Continued negative discretionary cash flow driven by robust capital spending, indicating external funding needs.
Solid customer base and geographic and regulatory diversity, with a large service territory across six U.S. states.	

Constructive rate outcomes should continue to support NiSource's credit quality despite the elevated capital spending. Over 2025-2029, NiSource plans to spend over \$19 billion, primarily on natural gas system hardening, electric system modernization, and supporting its clean energy transition. Because of this higher capital spending, NiSource's credit quality will depend on the

timeliness of cost recovery through rate mechanisms, operating cost management, and the balanced funding of cash-flow deficits.

Most recently, Northern Indiana Public Service Co. (NIPSCO) received approval from the Indiana Utility Regulatory Commission (IURC) that authorized its \$257 million multi-step base electric rate increase. This supports the company's investments related to clean energy transition, asset upgrades, and grid modernization. The company also received approval from the Virginia State Corporation Commission for a \$40.7 million gas rate increase. The company has pending rate cases at its other subsidiaries, including Columbia of Pennsylvania's \$110 million gas distribution base rate increase request, which we continue to monitor. In addition, the company's 2025-2029 funding plan incorporates \$200 million-\$300 million of annual equity issuance. We believe these mechanisms should continue to support financial measures, with FFO-to-debt projected to be in the 15% area through 2027.

NIPSCO Generation LLC (GenCo) to support data center opportunities in Indiana. NiSource established GenCo, an IURC-regulated affiliate of NIPSCO, to facilitate and support data center growth opportunities in Northern Indiana. The structure, subject to approval from IURC, will limit IURC's jurisdiction and is intended to insulate existing customers and would address speed to market, which large load customers require. We expect an IURC order by the end of the year. The base capital plan noted above doesn't include any potential upsides related to data center-related spending, and we continue to monitor developments and potential credit implications.

Outlook

The stable outlook reflects our expectation that NiSource will continue to effectively manage its regulatory risk across its six regulatory jurisdictions and execute its clean energy transition plans, including the retirement of its coal-fired generation plants in Indiana. The outlook also reflects the company's sale of a minority stake in NIPSCO, which will strengthen NiSource's balance sheet and increase our anticipation it will maintain consolidated FFO to debt, which we expect will be 14%-16% through 2026.

Downside scenario

We could lower our issuer credit rating on NiSource over the next 24 months if its ability to manage its regulatory risk weakened or its FFO to debt fell consistently below 13%.

Upside scenario

We could raise the rating over the next 24 months if NiSource's FFO to debt improved consistently above 16% and it were able to effectively manage its regulatory risk throughout its service territories.

Our Base-Case Scenario

Assumptions

- Regularly occurring rate-case filings across NiSource's jurisdictions.
- Continued use of existing regulatory mechanisms.
- Annual capital spending that averages \$3.8 billion through 2027.

NiSource Inc.

- Dividends that increase in line with historical growth rates.
- \$200 million-\$300 million of average equity issuance per year through 2027.
- Negative discretionary cash flow.
- All debt maturities to be refinanced.

NiSource Inc.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. \$)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Adjusted ratios							
Debt/EBITDA (x)	5.7	5.8	5.5	5.4	5.0-5.5	5.0-5.5	5.0-5.5
FFO/debt (%)	14.0	13.9	14.0	14.7	14.0-16.0	14.0-16.0	14.0-16.0
FFO cash interest coverage (x)	5.2	5.3	4.5	4.9	4.0-5.0	4.0-5.0	4.0-5.0

*All figures adjusted by S&P Global Ratings. a--Actual. f--Forecast. e--Estimate. FFO--Funds from operations.

Company Description

NiSource, an energy holding company, operates as a regulated natural gas and electric utility company in the U.S. The company operates in two segments: gas distribution operations and electric operations. It provides natural gas service and transportation for residential, commercial, and industrial customers. The company serves more than 3.3 million natural gas customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, and Indiana. NiSource also generates, transmits, and distributes electricity and wholesale and transmission transaction services, serving about 500,000 electricity customers in Northern Indiana.

Peer Comparison

NiSource Inc.--Peer Comparisons

	NiSource Inc.	CenterPoint Energy Inc.	Atmos Energy Corp.	ONE Gas Inc.
Foreign currency issuer credit rating	BBB+/Stable/A-2	BBB+/Negative/A-2	A-/Stable/A-2	A-/Stable/A-2
Local currency issuer credit rating	BBB+/Stable/A-2	BBB+/Negative/A-2	A-/Stable/A-2	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-09-30	2024-12-31
Mil.	\$	\$	\$	\$
Revenue	5,455	8,445	4,151	2,040
EBITDA	2,580	3,292	2,070	673
Funds from operations (FFO)	2,051	2,470	1,714	550
Interest	598	856	213	140
Cash interest paid	524	831	341	144
Operating cash flow (OCF)	1,740	1,921	1,736	337
Capital expenditure	2,548	4,480	2,922	695

NiSource Inc.

NiSource Inc.--Peer Comparisons

Free operating cash flow (FOCF)	(807)	(2,559)	(1,187)	(357)
Discretionary cash flow (DCF)	(1,825)	(3,097)	(1,680)	(508)
Cash and short-term investments	157	564	307	58
Gross available cash	157	564	307	58
Debt	13,884	20,695	7,743	2,844
Equity	11,168	11,316	12,158	3,105
EBITDA margin (%)	47.3	39.0	49.9	33.0
Return on capital (%)	6.6	6.8	7.6	6.9
EBITDA interest coverage (x)	4.3	3.8	9.7	4.8
FFO cash interest coverage (x)	4.9	4.0	6.0	4.8
Debt/EBITDA (x)	5.4	6.3	3.7	4.2
FFO/debt (%)	14.8	11.9	22.1	19.3
OCF/debt (%)	12.5	9.3	22.4	11.9
FOCF/debt (%)	(5.8)	(12.4)	(15.3)	(12.6)
DCF/debt (%)	(13.1)	(15.0)	(21.7)	(17.9)

Business Risk

Our assessment of business risk reflects NiSource's lower-risk, regulated, and vertically integrated electric and gas distribution operations with a solid customer base, geographic and regulatory diversity, and effective management of regulatory risk in its jurisdictions. We expect the company will continue to benefit from a credit-supportive regulatory framework across its service territories in six jurisdictions and recover costs related to investments in infrastructure through rate-case filings and regulatory riders. We also expect NiSource will continue to execute its clean energy transition plans and is on track to eliminate all of its coal-fired generation by 2028.

Financial Risk

We assess NiSource's financial risk profile as significant using our medial volatility financial ratio benchmarks. In our base-case scenario, we forecast S&P Global Ratings-adjusted FFO to total debt will be in the 14%-16% range through the outlook period. This reflects cost recovery through the use of various recovery mechanisms, including future rate case filings and regulatory riders, as well as robust capital spending. We also assume dividends that average \$580 million through 2027. In addition, the ratings on NiSource incorporate our assessment of a negative comparable rating analysis modifier, lowering our assessment of the rating on the company by one notch. This reflects the company's financial ratios being at the very low end of the range for its financial risk profile category.

NiSource Inc.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	\$	\$	\$	\$	\$	\$

NiSource Inc.

NiSource Inc.--Financial Summary

Revenues	5,209	4,682	4,900	5,851	5,505	5,455
EBITDA	1,867	1,738	1,811	2,029	2,262	2,580
Funds from operations (FFO)	1,470	1,359	1,455	1,641	1,753	2,051
Interest expense	415	419	385	415	576	598
Cash interest paid	386	380	351	381	499	524
Operating cash flow (OCF)	1,565	1,093	1,205	1,383	1,881	1,740
Capital expenditure	1,776	1,737	1,819	2,175	2,590	2,548
Free operating cash flow (FOCF)	(211)	(643)	(613)	(792)	(708)	(807)
Discretionary cash flow (DCF)	(559)	(1,013)	(1,007)	(1,227)	(1,572)	(1,825)
Cash and short-term investments	139	117	84	41	2,245	157
Gross available cash	139	117	84	41	2,245	157
Debt	10,375	10,489	10,375	11,806	12,494	13,884
Common equity	5,547	5,398	6,833	7,462	9,893	11,168
Adjusted ratios						
EBITDA margin (%)	35.8	37.1	37.0	34.7	41.1	47.3
Return on capital (%)	7.0	6.3	6.3	6.6	6.5	6.6
EBITDA interest coverage (x)	4.5	4.1	4.7	4.9	3.9	4.3
FFO cash interest coverage (x)	4.8	4.6	5.2	5.3	4.5	4.9
Debt/EBITDA (x)	5.6	6.0	5.7	5.8	5.5	5.4
FFO/debt (%)	14.2	13.0	14.0	13.9	14.0	14.8
OCF/debt (%)	15.1	10.4	11.6	11.7	15.1	12.5
FOCF/debt (%)	(2.0)	(6.1)	(5.9)	(6.7)	(5.7)	(5.8)
DCF/debt (%)	(5.4)	(9.7)	(9.7)	(10.4)	(12.6)	(13.1)

Reconciliation Of NiSource Inc. Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	13,714	8,684	5,455	2,505	1,456	517	2,580	1,782	505	2,614
Cash taxes paid	-	-	-	-	-	-	(4)	-	-	-
Cash interest paid	-	-	-	-	-	-	(468)	-	-	-
Lease liabilities	274	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	15	1	1	(1)	13	-	-
Intermediate hybrids (debt)	(500)	500	-	-	-	(16)	16	16	16	-
Intermediate hybrids (equity)	-	-	-	-	-	3	(4)	(4)	(4)	-
Postretirement benefit obligations/	114	-	-	-	-	-	-	-	-	-

NiSource Inc.

Reconciliation Of NiSource Inc. Reported Amounts With S&P Global Adjusted Amounts (Mil. \$)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
deferred compensation										
Accessible cash and liquid investments	(157)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	67	(67)	(67)	-	(67)
Share-based compensation expense	-	-	-	32	-	-	-	-	-	-
Asset-retirement obligations	619	-	-	25	25	25	-	-	-	-
Nonoperating income (expense)	-	-	-	-	78	-	-	-	-	-
Noncontrolling/minority interest	-	1,984	-	-	-	-	-	-	-	-
Debt: Debt serviced by third parties	(180)	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	3	3	-	-	-	-	-
Total adjustments	170	2,484	-	75	108	80	(528)	(41)	12	(67)
S&P Global Ratings adjusted	Debt	Equity	Revenue	EBITDA	EBIT	Interest expense	Funds from Operations	Operating cash flow	Dividends	Capital expenditure
	13,884	11,168	5,455	2,580	1,563	598	2,051	1,740	517	2,548

Liquidity

We base our 'A-2' short-term and commercial paper ratings on NiSource on our issuer credit rating on the company. As of March. 31, 2025, we assess NiSource's liquidity as adequate, with sources covering uses by 1.1x for the next 12 months, even if EBITDA declines 10%. We believe NiSource's predictable regulatory framework provides it with cash-flow stability, even in times of economic stress, which supports our use of slightly lower thresholds to assess its liquidity.

In addition, we believe NiSource can absorb high-impact, low-probability events. This reflects its \$1.85 billion committed credit facility that expires in 2027 and our expectation that NiSource would reduce its high capital spending during stressful periods. Furthermore, our assessment reflects the company's sound relationships with its syndicate of top-tier banks and its satisfactory standing in the credit markets (its credit default swaps spreads are in line with those of peer investment-grade utilities). Overall, we anticipate NiSource will likely be able to withstand adverse market circumstances over the next 12 months while maintaining sufficient

liquidity to meet its obligations. We expect the company will proactively address any large debt maturities well in advance of due dates.

Principal liquidity sources

- Cash and liquid investments of about \$260 million;
- Credit facility availability of about \$1.85 billion; and
- Cash FFO of about \$2.3 billion.

Principal liquidity uses

- Debt maturities of about \$2 billion, including outstanding commercial paper;
- Maintenance capital spending of \$2.8 billion; and
- Dividends of about \$545 million.

Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of NiSource. As a vertically integrated electric generation and natural gas distribution company, NiSource has exposure to gas pipelines with potential methane leaks. We expect the company will continue implementing its plans to retire 100% of its coal generation by 2028 and investing in its electric and natural gas infrastructure to enhance safety, reliability, customer affordability, and sustainability over the next few years, which we believe will provide additional environmental and customer benefits.

Group Influence

Under our group rating methodology, we view NiSource as the parent company of NIPSCO. NiSource's group and stand-alone credit profiles are the same at 'bbb+'.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2024, NiSource's capital structure consisted of about \$14 billion of debt, of which very little is priority debt.

Analytical conclusions

- We rate NiSource's unsecured debt 'BBB+', the same level as the long-term issuer credit rating, because the vast majority of its debt is at the holding company.
- We rate NiSource's preferred stock two notches below our issuer credit rating on the company, one notch for the instrument's deferability and one notch for its subordination.

NiSource Inc.

Rating Component Scores

Foreign currency issuer credit rating	BBB+/Stable/A-2
Local currency issuer credit rating	BBB+/Stable/A-2
Business risk	Excellent
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	a-
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	bbb+

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), March 2, 2022
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016

NiSource Inc.

Ratings Detail (as of July 02, 2025)*

NiSource Inc.

Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BBB-
Preferred Stock	BBB-

Issuer Credit Ratings History

28-Feb-2020	BBB+/Stable/A-2
18-Sep-2018	BBB+/Negative/A-2
18-Jun-2015	BBB+/Stable/A-2

Related Entities**Bay State Gas Co.**

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured	BBB+

Northern Indiana Public Service Co. LLC

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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Tear Sheet:

Northern Indiana Public Service Co.'s Rate-Case Settlement Supports Its Credit Quality; NiSource Strong Q2 Earnings

August 14, 2024

What's new: Northern Indiana Public Service Co. LLC (NIPSCO) received approval for its 2024 multistep gas distribution base rate case settlement from the Indiana Utility Regulatory Commission (IURC), which we view as supportive of credit quality. In addition, NIPSCO's parent, NiSource Inc. reported its second-quarter earnings and affirmed its 2024 earnings guidance. The second quarter results increased compared with the same period last year primarily due to higher electric rates at NIPSCO. NiSource also highlighted the significant opportunities stemming from datacenters in Northern Indiana and potential load growth.

Why it matters: S&P Global Ratings assesses NIPSCO's multistep rate case settlement as supportive of its credit quality because it will support the company's financial measures, despite its rising capital spending and reduce regulatory lag. The rate case settlement authorizes a base-rate increase totaling about \$121 million, which will be implemented in two steps (expected in September 2024 and March 2025). The settlement is premised on a 9.75% return on equity (ROE). In its original request, NIPSCO requested an approximately \$162 million multistep base rate increase based on a 10.70% ROE.

NiSource's strong second quarter performance was in line with our expectations and results in financial measures that support the current rating. The company continued to highlight the overwhelming interest in datacenters within NIPSCO's service territory which would result in significant load growth opportunities for the company. They expect to give more clarity around their IRP toward the end of the year. We will continue to monitor any developments.

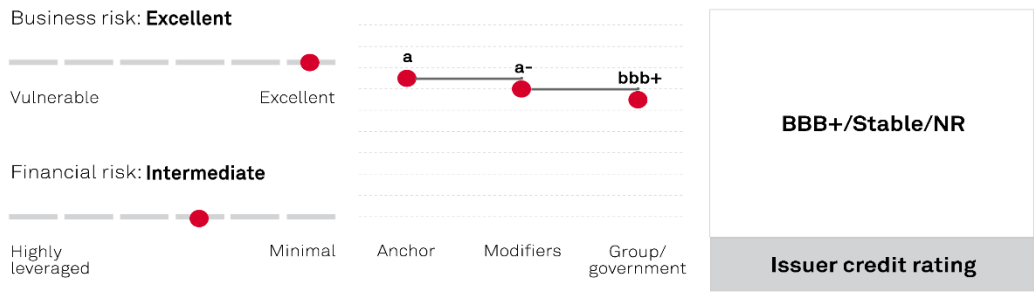
Primary contact

Matthew L O'Neill
New York
1-212-438-4295
matthew.oneill
@spglobal.com

Secondary contact

Beverly R Gantt
New York
1-212-438-1696
beverly.gantt
@spglobal.com

Ratings Score Snapshot



Company Description

NIPSCO distributes natural gas and electricity in the northern part of Indiana. The company provides natural gas service and transportation for residential, commercial, and industrial customers. It also generates and distributes electricity. In addition, the company operates coal-fired electric power plants, gas-fired generating units, hydroelectric power plants, and solar and wind assets. NIPSCO was founded in 1912 and is based in Merrillville, Ind.

Outlook

The stable outlook on NIPSCO reflects our outlook on parent, NiSource. The stable outlook reflects our expectation that NiSource will continue to effectively manage its regulatory risk across its six regulatory jurisdictions and execute its clean energy transition plans, including the retirement of its coal-fired generation plants in Indiana. The stable outlook also reflects the company’s sale of a minority stake in NIPSCO, which will strengthen NiSource's balance sheet and the likelihood it will maintain consolidated FFO to debt of 14%-16% through 2026.

Downside scenario

We could lower our rating on NIPSCO if we downgrade NiSource. We could lower our issuer credit rating on NiSource within the next 24 months if its ability to manage its regulatory risk weakened or its FFO to debt fell consistently below 13%.

Upside scenario

We could raise our rating on NIPSCO if we upgrade NiSource. We could raise our issuer credit rating on NiSource within the next 24 months if its FFO to debt improved consistently above 16% and it were able to effectively manage its regulatory risk throughout its service territories.

Rating Component Scores

Foreign currency issuer credit rating	BBB+/Stable/NR
Local currency issuer credit rating	BBB+/Stable/NR
Business risk	Excellent
Country risk	Very Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	a
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	a-

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
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CREDIT OPINION

25 June 2025

Update



Send Your Feedback

Contacts

Nana Hamilton +1.212.553.9440
VP-Senior Analyst
nana.hamilton@moodys.com

Albieri Avinicio +1.212.553.4182
Ratings Associate
albieri.avinicio@moodys.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moodys.com

Jim Hempstead +1.212.553.4318
MD - Global Infrastructure & Cyber Risk
james.hempstead@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

NiSource Inc.

Update to credit analysis

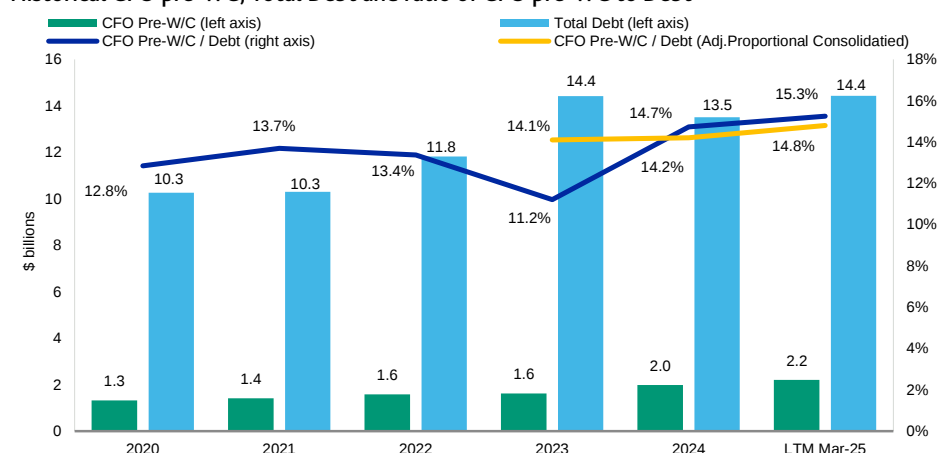
Summary

NiSource Inc.'s (NiSource, Baa2 stable) credit profile reflects predictable operating cash flow from utility operations in diverse and credit supportive regulatory jurisdictions. Its fully regulated electric and gas utility subsidiaries have relatively low business risk, given their critical infrastructure asset base.

NiSource's sizable five-year capital expenditure program includes significant investments in system hardening at its gas utilities. NiSource's principal utility, Northern Indiana Public Service Company (NIPSCO, Baa1 stable), also continues to invest heavily in electric system modernization and new power generation as part of its carbon transition away from coal-fired generation and to support load growth. Despite sustained elevated capital spending, we expect that continued favorable regulatory outcomes, and the planned use of equity financing (including contributions from NIPSCO's minority interest owner) to supplement debt financing, will enable NiSource to maintain a stable financial profile, including a ratio of cash flow from operations excluding working capital changes (CFO pre-WC) to debt in the 14%-15% range. Our assessment of NiSource's credit includes a proportional consolidation of its 80.1% ownership of NIPSCO.

Exhibit 1

Historical CFO pre-WC, Total Debt and ratio of CFO pre-WC to Debt



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Note: The 2023 adjusted ratio of 14.1% reduces total debt by proceeds from the minority sale of NIPSCO completed on 31 December 2023.

Source: Moody's Financial Metrics™

Credit strengths

- » Operations in supportive regulatory jurisdictions with timely cost and investment recovery mechanisms
- » Fully regulated utility assets with fundamentally low business risk
- » Proceeds from minority sale of NIPSCO have helped to offset debt funding needs

Credit challenges

- » Elevated capital expenditures require significant external financing
- » Estimated leverage at holding company not recoverable in rates remains high at approximately 30%

Rating outlook

NiSource's stable outlook reflects our view that its utility regulatory jurisdictions will remain credit supportive and that utility capital expenditure plans will be financed in a manner that maintains the organization's credit profile, including a ratio of CFO pre-WC to debt in the 14-15% range.

Factors that could lead to upgrade

- » Credit supportive improvements in the utility regulatory environments
- » A sustained increase in the company's credit metrics with a CFO pre-WC to debt ratio above 17%

Factors that could lead to downgrade

- » A decline in the credit supportiveness of its utility regulatory environments
- » An adverse change in the company's business mix that increases risk, such as the addition of unregulated activities
- » A ratio of CFO pre-WC to debt sustained below 13%

Key indicators

Exhibit 2

NiSource Inc.

	2020	2021	2022	2023	2024	LTM Mar-25
CFO Pre-W/C + Interest / Interest	4.3x	4.8x	5.0x	4.1x	4.8x	5.1x
CFO Pre-W/C / Debt	12.8%	13.7%	13.4%	11.2%	14.7%	15.3%
CFO Pre-W/C – Dividends / Debt	9.4%	10.1%	9.9%	8.1%	10.7%	11.4%
Debt / Capitalization	59.9%	54.8%	55.9%	54.6%	50.2%	51.2%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Note: The 2023, 2024 and LTM March 2025 CFO pre-WC to debt ratios adjusted to proportionally consolidate NiSource's 80.1% ownership of NIPSCO are 14.1%, 14.2%, and 14.8% respectively. The 2023 adjusted ratio reduces total debt by proceeds from the minority sale of NIPSCO completed on 31 December 2023.

Source: Moody's Financial Metrics™

Profile

NiSource is a utility holding company with a portfolio of fully regulated utility subsidiaries totaling about \$21.3 billion in rate base (approximately 66% gas and 34% electric). NiSource owns one of the largest local gas distribution company (LDC) systems in the US, with operations in Ohio, Indiana, Pennsylvania, Virginia, Kentucky, and Maryland providing service to about 3.3 million customers. NiSource also owns a vertically integrated electric utility in Indiana, providing service to about 500,000 customers. NiSource's two reportable segments are its Columbia gas operations and NIPSCO. The Columbia gas operations accounted for about 50% of the

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company's consolidated operating income in 2024, while NIPSCO's gas and electric operations accounted for about 49%. As of 31 December 2023, NIPSCO is 19.9% owned by Blackstone Infrastructure Partners.

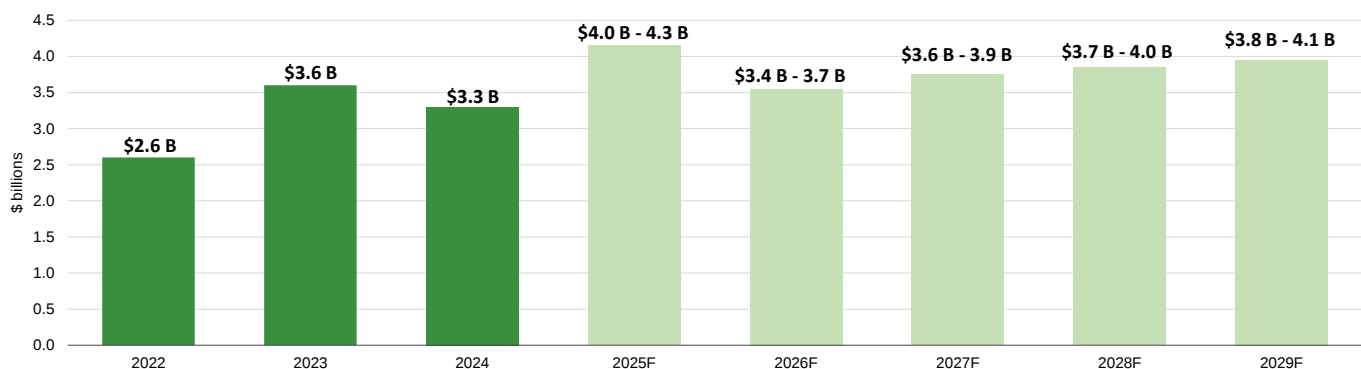
Detailed credit considerations

Predictable cash flow underpinned by supportive regulatory construct

The state regulators overseeing NiSource's utilities are credit supportive. All of NiSource's LDCs benefits from revenue decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions that provide for timely recovery of its sizeable gas infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing timely recovery of operating expenses as well as environmental investments. This includes a semi-annual tracker adjustment for the recovery of 80% of infrastructure improvement investments.

Exhibit 3

Historical and Projected capital investments



Source: Company presentation

The company's investments across all of its jurisdictions continue to drive an active regulatory calendar. In addition to ongoing infrastructure replacement and other tracker filings, NiSource currently has one natural gas distribution and one electric general rate case pending.

Gas operations

NiSource's most frequent significant rate case activity has recently been in Pennsylvania where subsidiary Columbia Gas of Pennsylvania continues to invest in safety and modernization. In March 2025, Columbia Gas of Pennsylvania filed a rate case with the Pennsylvania Public Utilities Commission (PAPUC) requesting a revenue increase of \$110 million based on an authorized ROE of 11.35%, equity capitalization of 54.4%, and a forecasted rate base of \$3.8 billion. A final decision on the rate case is pending, with new rates expected to be effective in December 2025. The utility's previous rate case was completed in December 2024 and resulted in a revenue increase of \$74 million. The company had requested a revenue increase of \$124 million based on an authorized ROE of 11.75% and equity capitalization of 54.4%. The PAPUC's final order did not specify an ROE or equity layer as is typical with rate cases in Pennsylvania.

In December 2024, the Kentucky Public Service Commission approved a Columbia Gas of Kentucky settlement for a \$14.3 million revenue increase based on an authorized 9.75% ROE and a 52.64% equity capitalization. Columbia Gas of Kentucky is subject to a base rate freeze until 1 January 2027. The company may file a rate case prior to this date but new rates would not take effect until 1 January 2027.

NIPSCO Gas' most recent rate case was finalized in July 2024 when the IURC approved a settlement for a \$120.9 million revenue increase based on an authorized 9.75% ROE. The utility was authorized to implement new rates in two steps, the first effective in August 2024 and based on NIPSCO's actual capital structure as of 30 June 2024, and the second in February 2025 based on NIPSCO's

actual capital structure as of the 31 December 2024 test year end. The utility had requested a \$161.9 million revenue increase, net of infrastructure trackers, to be implemented in two steps based on a 10.7% ROE.

In May 2025, the Virginia State Corporation Commission (VSCC) approved a Columbia Gas of Virginia settlement for a \$28.2 million net revenue increase based on an authorized 9.75% ROE and a 43.14% equity capitalization. The utility had requested a \$37.2 million net revenue increase based on a 10.85% ROE and 42.76% equity capitalization.

Electric operations

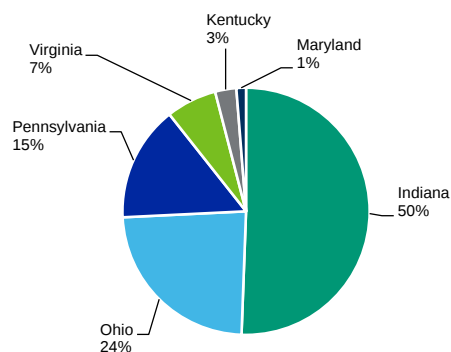
In September 2024, NIPSCO Electric filed a multistep rate case with the IURC requesting a total incremental revenue increase of \$424.8 million, or a net increase of \$368.7 million inclusive of a \$56.1 million fuel cost reduction adjustment. The request was based on an authorized 10.60% ROE. The utility requested that rates be implemented in two steps, based on the actual rate base and capital structure as of 31 May 2025 and 31 December 2025 for step one and step two respectively. In February 2025, NIPSCO and certain intervening parties filed a settlement agreement with the IURC for a \$257.0 million two-step total revenue increase, net of the fuel cost adjustment, based on a 9.75% ROE and equity capitalization for each step as of the dates in NIPSCO's filing. The settlement proposes that new rates be implemented in two steps, the first effective no later than September 2025 and the second no later than March 2026. A final order is expected in the third quarter of 2025.

Regulated utility assets exhibit fundamentally low business risk

NiSource's six LDCs represented about 66% of its rate base in 2024, while its fully regulated vertically integrated electric utility segment made up the difference. NiSource's size, diversity of operations and broad geographic footprint offer regulatory diversity and provide a natural hedge against material exposure to a single event or adverse regulatory action.

Exhibit 4

NiSource year-end 2024 rate base (~\$21 billion) by state



Source: Company filings

NiSource's electric operations entail more business risk than its LDC operations. In addition to its exposure to the risks associated with generation assets, its operations are concentrated in a single, highly industrialized market territory. About 50% of the company's retail electric sales volume is derived from industrial customers, leaving it particularly sensitive to economic cycles. The electric segment's rate structure does not have the revenue decoupling mechanisms that many of NiSource's LDCs have, further exacerbating potential volatility from the company's electric segment. The volatility is somewhat mitigated by the approximately 50%-55% fixed component of NIPSCO Electric's industrial rates.

Indiana's regulatory environment is favorable from a credit standpoint and provides the company's electric segment with relatively timely cost recovery mechanisms that cover most of its operating and capital expenses. NIPSCO Electric plans to retire all of its coal-fired generation capacity by 2028, which will reduce its exposure to future stringent environmental regulations that could require costly investments. The company plans to replace its retired coal-fired power plants with lower-cost renewable energy sources such as wind, solar and battery storage technology. NIPSCO electric's service territory has seen significant interest from potential hyperscaler

data center customers. Depending on future load requirements and contracts with hyperscaler data centers, NIPSCO's new generation resource additions could include new combined cycle gas turbines to be owned and/or contracted via PPAs.

Financial profile expected to remain stable despite high debt balance and elevated capital spending

NiSource's credit profile is constrained by its highly levered capital structure. Besides a small amount of legacy debt that exists at NIPSCO, all of NiSource's debt is issued at the parent level and allocated to its subsidiaries via intercompany loans. NiSource also guarantees legacy Bay State Gas Company debt (about \$15 million outstanding at the end of 2024) that remains following the sale of its Massachusetts gas utility in 2020.

We estimate that approximately 30% of NiSource's consolidated debt is not recoverable in utility rates. The proceeds from the minority sale of NIPSCO at the beginning of 2024, helped to curb growth in non-utility debt as the company executes its elevated capital investment plan. However, leverage remains high and will inhibit material improvements in NiSource's financial profile while capital expenditures remain high.

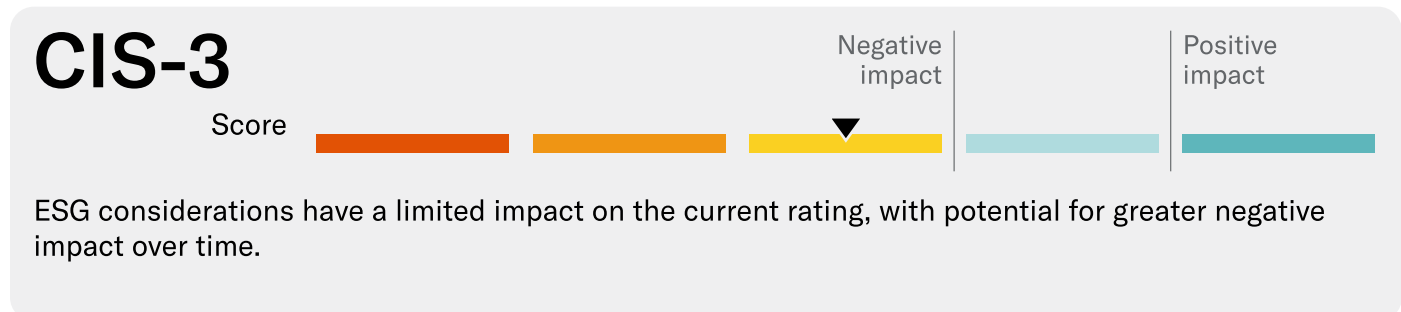
NiSource's capital expenditure program totals approximately \$19.4 billion over the 2025-2029 period, with significant investments in system hardening at its gas utilities and in electric system modernization and new power generation at NIPSCO as part of its carbon transition away from coal-fired generation and to support load growth. Over the next two years, we expect NiSource to maintain a stable financial profile, with a CFO pre-WC to debt ratio in the 14%-15% range, aided by strong regulatory support for investment and the use of equity financing (including equity contributions from NIPSCO's minority owner) to supplement debt financing needs. Our assessment of NiSource's credit includes a proportional consolidation of its 80.1% ownership of NIPSCO.

ESG considerations

NiSource Inc.'s ESG credit impact score is CIS-3

Exhibit 5

ESG credit impact score

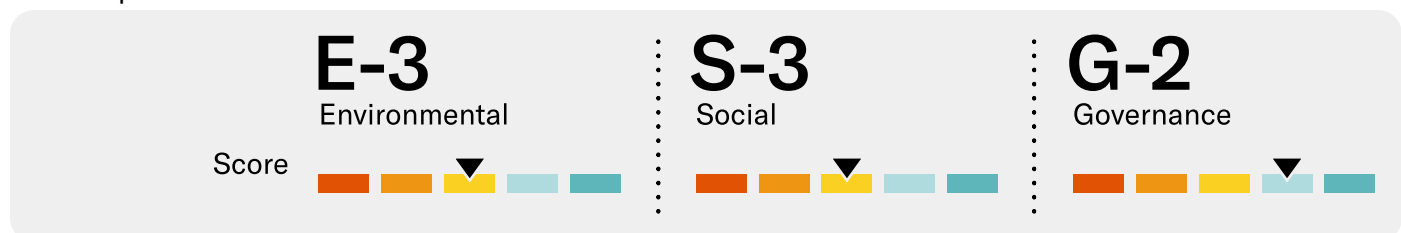


Source: Moody's Ratings

NiSource Inc.'s **CIS-3** indicates that ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time. NiSource's **CIS-3** primarily reflects environmental risks associated with carbon emissions from its electric and natural gas infrastructure, and social risks related to customer affordability concerns or adverse regulatory outcomes.

Exhibit 6

ESG issuer profile scores



Source: Moody's Ratings

Environmental

NiSource's **E-3** issuer profile score primarily reflects exposure to carbon transition risk at both its electric and gas utilities. The company's focus on replacing its coal generation with renewables, while important to reduce carbon transition risk, requires significant capital investments. NiSource is also moderately exposed to physical climate risks, including the risk that extreme or unusual weather events could damage physical assets or negatively impact commodity prices.

Social

NiSource's **S-3** issuer profile score reflects the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention. Furthermore, from a responsible production perspective, NiSource is moderately exposed to the risk to public safety inherent in its gas utility operations.

Governance

NiSource's **G-2** issuer profile score reflects governance that is broadly in line with other utilities and does not pose a particular risk.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

NiSource's liquidity is adequate and supported by a \$1.85 billion revolving credit facility expiring in February 2027. The revolver backs a \$1.85 billion commercial paper program and provides funds for ongoing working capital needs. Terms of the facility allow for reliable access to funds with no requirement for the company to represent and warrant to any material adverse change at each borrowing. The sole financial covenant is a maximum debt to capitalization ratio of 70%. As of 31 March 2025, NiSource reports that the ratio was 53.8%.

NiSource also maintains three separate, annually renewed, accounts receivables securitization programs at its operating companies with a total available borrowing capacity of \$375 million. As of 31 March 25, \$250 million was outstanding under these programs. As of 31 March 2025, NiSource had about \$259.4 million of cash on hand, \$521 million of commercial paper outstanding and \$0.5 million of letters of credit issued under its credit facility. NiSource's next material debt maturity is in August 2025 when \$1.25 billion of senior notes are due. We expect the company to refinance the notes prior to maturity.

For the 12-months ended 31 March 2025, NiSource generated \$2 billion in operating cash flow, invested \$2.7 billion in capital expenditures, and paid \$512 million in dividend distributions, resulting in a negative free cash flow position of approximately \$1.2 billion. NiSource funded the cash shortfall with debt. Over the next 12-18 months, we expect NiSource to remain free cash flow negative as it executes on its sizeable capital expenditure plan. We expect cash shortfalls to be funded primarily with incremental debt, and equity and hybrid security issuances as needed to maintain a stable financial profile.

Methodology and scorecard

The principal methodology used for this rating is the Regulated Electric and Gas Utilities rating methodology.

Exhibit 7

Rating factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry [1][2]

	Current LTM 3/31/2025	
	Measure	Score
Factor 1 : Regulatory Framework (25%)		
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A
b) Consistency and Predictability of Regulation	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)		
a) Timeliness of Recovery of Operating and Capital Costs	A	A
b) Sufficiency of Rates and Returns	A	A
Factor 3 : Diversification (10%)		
a) Market Position	A	A
b) Generation and Fuel Diversity	Baa	Baa
Factor 4 : Financial Strength (40%)		
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.7x	A
b) CFO pre-WC / Debt (3 Year Avg)	13.8%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	10.1%	Baa
d) Debt / Capitalization (3 Year Avg)	52.9%	Baa
Rating:		
Scorecard-Indicated Outcome Before Notching Adjustment		A3
HoldCo Structural Subordination Notching	0	0
a) Scorecard-Indicated Outcome		A3
b) Actual Rating Assigned		

Moody's 12-18 Month Forward View As of Date Published [3]

	Measure	Score
	A	A
	A	A
	A	A
	A	A
	A	A
	Baa	Baa
	4x - 4.5x	Baa
	14% - 15%	Baa
	9% - 11%	Baa
	55% - 58%	Ba
		Baa1
	0	0
		Baa1
		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 03/31/2025(L)

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 8

Peer comparison

NiSource Inc.

(in \$ millions)	NiSource Inc. Baa2 Stable			Alliant Energy Corporation Baa2 Stable			Black Hills Corporation Baa2 Stable			Spire Inc. Baa2 Stable		
	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-23	FY Dec-24	LTM Mar-25	FY Dec-23	FY Dec-24	LTM Mar-25	FY Sep-23	FY Sep-24	LTM Mar-25
Revenue	5,505	5,455	5,932	4,027	3,981	4,078	2,331	2,128	2,207	2,666	2,593	2,428
CFO Pre-W/C	1,617	1,989	2,201	1,386	1,603	1,614	798	704	731	375	873	705
Total Debt	14,424	13,505	14,430	9,849	10,813	11,076	4,490	4,475	4,402	4,968	4,979	5,041
CFO Pre-W/C + Interest / Interest	4.1x	4.8x	5.1x	5.2x	5.0x	4.9x	5.4x	4.6x	4.6x	2.8x	4.7x	4.1x
CFO Pre-W/C / Debt	11.2%	14.7%	15.3%	14.1%	14.8%	14.6%	17.8%	15.7%	16.6%	7.6%	17.5%	14.0%
CFO Pre-W/C - Dividends / Debt	8.1%	10.7%	11.4%	9.4%	10.3%	10.1%	13.6%	11.3%	12.0%	4.4%	14.0%	10.3%
Debt / Capitalization	54.6%	50.2%	51.2%	52.8%	54.1%	54.6%	53.8%	51.5%	50.1%	58.3%	56.0%	54.1%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 9

Moody's-adjusted debt reconciliation

NiSource Inc.

(in \$ millions)	2020	2021	2022	2023	2024	LTM Mar-25
As reported debt	9,746.1	9,801.5	11,315.5	14,127.9	13,960.3	14,885.1
Pensions	32.1	30.0	22.9	19.1	17.4	17.4
Operating Leases	40.2	34.6	36.7	34.1	27.3	27.3
Hybrid Securities	440.0	440.0	440.0	243.1	(500.0)	(500.0)
Moody's - adjusted debt	10,258.4	10,306.1	11,815.1	14,424.2	13,505.0	14,429.8

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 10

Moody's-adjusted cash flow reconciliation

NiSource Inc.

(in \$ millions)	2020	2021	2022	2023	2024	LTM Mar-25
FFO	1,344.2	1,465.1	1,676.2	1,682.0	2,056.3	2,241.5
+/- Other	(26.1)	(54.3)	(96.6)	(65.0)	(67.7)	(40.9)
CFO Pre-WC	1,318.1	1,410.8	1,579.6	1,617.0	1,988.6	2,200.6
+/- ΔWC	(223.0)	(206.1)	(188.8)	306.5	(127.9)	(98.0)
CFO	1,095.1	1,204.7	1,390.8	1,923.5	1,860.7	2,102.6
- Div	349.2	373.4	415.1	450.0	538.6	556.7
- Capex	1,795.2	1,878.0	2,242.3	2,688.7	2,686.8	2,734.6
FCF	(1,049.2)	(1,046.7)	(1,266.6)	(1,215.2)	(1,364.7)	(1,188.7)
(CFO Pre-W/C) / Debt	12.8%	13.7%	13.4%	11.2%	14.7%	15.3%
(CFO Pre-W/C - Dividends) / Debt	9.4%	10.1%	9.9%	8.1%	10.7%	11.4%
FFO / Debt	13.1%	14.2%	14.2%	11.7%	15.2%	15.5%
RCF / Debt	9.7%	10.6%	10.7%	8.5%	11.2%	11.7%
Revenue	4,681.7	4,899.6	5,850.6	5,505.4	5,455.1	5,932.0
Interest Expense	401.5	370.7	392.0	513.7	526.2	531.0
Net Income	458.5	525.9	674.6	705.3	765.6	886.8
Total Assets	22,040.5	24,156.9	26,744.3	31,077.2	31,748.0	33,065.0
Total Liabilities	16,728.3	17,649.6	19,602.5	23,050.7	22,595.5	23,699.9
Total Equity	5,312.2	6,507.3	7,141.8	8,026.6	9,152.5	9,365.1

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Ratings

Exhibit 11

Category	Moody's Rating
NISOURCE INC.	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Pref. Stock	Ba1
Commercial Paper	P-2
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
BAY STATE GAS COMPANY	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Ratings

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CREDIT OPINION

25 June 2025

Update



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RATINGS

Northern Indiana Public Service Company

Domicile	Merrillville, Indiana, United States
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Nana Hamilton +1.212.553.9440
VP-Senior Analyst
nana.hamilton@moody's.com

Albieri Avinico +1.212.553.4182
Ratings Associate
albieri.avinico@moody's.com

Michael G. Haggarty +1.212.553.7172
Associate Managing Director
michael.haggarty@moody's.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
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Northern Indiana Public Service Company

Update to credit analysis

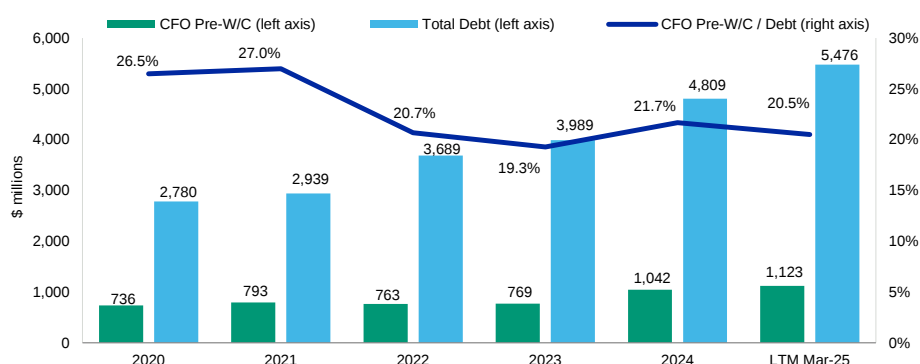
Summary

Northern Indiana Public Service Company's (NIPSCO, Baa1 stable) credit profile reflects a credit supportive regulatory environment that provides timely recovery of costs and investments. Our credit view of NIPSCO also considers its geographic concentration in northern Indiana with a service territory that is heavily exposed to industrial customers and therefore sensitive to economic cycles. NIPSCO's credit profile is constrained by its parent NiSource Inc. (Baa2 stable), because the utility is dependent on NiSource for liquidity and external financing. NiSource's consolidated capital structure is highly leveraged, with an estimated 30% of consolidated debt not recoverable in utility rates and a relatively unrestricted ability to move cash across the corporate family.

NIPSCO's credit metrics have remained relatively stable since 2021, when they declined following a material increase in its investment in renewable generation to replace coal-fired generation that was planned for retirement. Over the next two years, we expect the company's ratio of cash flow from operations excluding changes in working capital (CFO pre-WC) to debt to be maintained in the 20%-22% range even while investments remain elevated to support load growth and ensure system reliability and resilience.

Exhibit 1

Historical CFO Pre-WC, Total Debt and ratio of CFO Pre-WC to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Periods are fiscal year-end unless indicated. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Credit strengths

- » Supportive regulatory environment in Indiana that provides timely cost and investment recovery
- » Diversity of operations with natural gas and electric utilities
- » Good growth in service territory

Credit challenges

- » Dependence on highly levered parent company for external financing
- » Sizeable planned capital investment program
- » Service territory economy is heavily influenced by activity in the manufacturing sector which can be cyclical.

Rating outlook

NIPSCO's stable outlook reflects our expectation of the continued credit supportiveness of the Indiana regulatory environment including timely recovery of costs associated with its large planned capital expenditure program. The stable outlook also reflects our expectation that NIPSCO will maintain credit metrics that are supportive of its credit rating. NIPSCO's stable outlook incorporates the stable outlook at parent NiSource.

Factors that could lead to upgrade

- » A CFO pre-WC to debt ratio sustained above 21%, combined with a significant reduction in the parent company debt NIPSCO supports
- » An upgrade of parent NiSource's ratings could also result in an upgrade of NIPSCO's ratings

Factors that could lead to downgrade

- » A deterioration in the credit supportiveness of the regulatory environment in Indiana
- » A weakening in the company's financial metrics, such that CFO pre-WC to debt falls below 18%, on a sustained basis
- » A downgrade of NiSource's rating could also result in a downgrade of NIPSCO's ratings

Key indicators

Exhibit 2

Northern Indiana Public Service Company

	2020	2021	2022	2023	2024	LTM Mar-25
CFO Pre-W/C + Interest / Interest	7.4x	8.0x	6.8x	5.4x	5.9x	6.3x
CFO Pre-W/C / Debt	26.5%	27.0%	20.7%	19.3%	21.7%	20.5%
CFO Pre-W/C – Dividends / Debt	26.5%	27.0%	20.5%	18.9%	16.1%	14.0%
Debt / Capitalization	40.5%	38.3%	41.8%	35.2%	37.1%	39.1%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

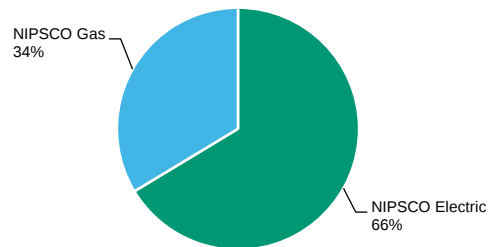
Source: Moody's Financial Metrics™

Profile

Headquartered in Merrillville, Indiana, NIPSCO is the largest local gas distribution company (LDC) and third largest electric utility in the state of Indiana in terms of number of customers served (871,000 gas and 493,000 electric customers). NIPSCO's vertically integrated electric operations accounted for about 70% of the company's 2024 operating revenues, with the LDC making up the remainder. NIPSCO is regulated by the Indiana Utility Regulatory Commission (IURC).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Exhibit 3

NIPSCO's rate base by its electric and gas operations (2024)

Total Rate Base = \$10.7 billion

Source: Company filings

NIPSCO is the legacy subsidiary of NiSource, a holding company that also owns five other LDCs. NIPSCO is a significant operating subsidiary of NiSource in terms of assets (about 48% of consolidated assets) and accounts for about 49% of consolidated operating income. As of December 2023, NiSource owns 80.1% of NIPSCO, with the remaining 19.9% owned by Blackstone Infrastructure Partners.

Detailed credit considerations**Credit supportive regulatory environment in Indiana**

We view Indiana's regulatory environment to be supportive of NIPSCO's credit. The utility has access to a broad group of tracker and rider mechanisms that allow for timely recovery of both capital investments and expenses. NIPSCO recovers its largest cost component, fuel and power purchase costs, through quarterly fuel pass-through adjustments. It also benefits from mechanisms that cover electric energy efficiency costs, MISO RTO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO's environmental cost trackers (ECT) provide for recovery of its environmental investments, allowing the utility to recover AFUDC and a return on environmental compliance investments through an environmental cost recovery mechanism (ECRM). Similarly, the related operation and maintenance and depreciation expenses incurred once the environmental facilities become operational are recovered through an environmental expense recovery mechanism (EERM).

NIPSCO also utilizes Indiana's Transmission, Distribution and Storage System Improvement Charge (TDSIC) for infrastructure improvement expenditures focused on safety, reliability, and modernization. It allows 80% of the investment to be recovered through a semi-annual tracker adjustment while the remaining 20% is deferred until the next rate case.

In September 2024, NIPSCO Electric filed a multistep rate case with the IURC requesting a total incremental revenue increase of \$424.8 million, or a net increase of \$368.7 million inclusive of a \$56.1 million fuel cost reduction adjustment. The request was based on an authorized 10.60% ROE. The utility requested that rates be implemented in two steps, based on the actual rate base and capital structure as of 31 May 2025 and 31 December 2025 for step one and step two respectively. In February 2025, NIPSCO and certain intervening parties filed a settlement agreement with the IURC for a \$257.0 million total revenue increase, net of the fuel cost adjustment, based on a 9.75% ROE. The settlement proposes that new rates be implemented in two steps, the first effective no later than September 2025 and the second no later than March 2026. A final order is expected in the third quarter of 2025.

NIPSCO Gas' most recent rate case was finalized in July 2024 when the IURC approved a settlement for a \$120.9 million revenue increase based on an authorized 9.75% ROE. The utility was authorized to implement new rates in two steps, the first effective in August 2024 and based on NIPSCO's actual capital structure as of 30 June 2024, and the second in February 2025 based on NIPSCO's actual capital structure as of the 31 December 2024 test year end. The IURC also approved a weather normalization

adjustment mechanism, a credit positive. The utility had requested a \$161.9 million revenue increase, net of infrastructure trackers, to be implemented in two steps based on a 10.7% ROE and the same equity layers as approved for each step.

Sizeable capital investment program

NIPSCO's planned capital expenditures over the next five years are substantial, averaging close to \$2 billion annually, compared to average annual capital expenditures of approximately \$1.2 billion over the last three years. Drivers of the high capital expenditures include investments in gas system hardening, electric system modernization, and new generation to replace NIPSCO's coal-fired power plants, all of which it plans to retire by 2028.

NIPSCO filed an updated IRP with the IURC in December 2024. The IRP outlines NIPSCO's commitment to retire its Michigan City coal-fired plant by 2028 and the R.M. Schahfer plant coal-fired units 17 and 18 by the end of 2025, and gas-fired peaking units 16A and 16B by the end of 2027. The company plans to add a gas peaker at the Schahfer site. NIPSCO's plan lays out two sets of new resource additions. The first will be added regardless of new hyperscaler data center load and includes new storage capacity, short-term thermal PPAs and demand-side management resources. The second will be dependent on contracts from hyperscaler data centers and is expected to include new combined cycle gas turbines to be owned and/or contracted via PPAs.

Since 2020, NIPSCO has added over 2 GW of new wind generation, solar generation, battery storage, and wind PPAs. The company currently expects about 650 MW of solar and wind generation, that it will fully own, to be in service in 2025 and 2027. NIPSCO also expects to procure power via PPA from approximately 600 MW of solar and wind projects currently under construction and expected to be in service by the end of 2025.

NIPSCO's growth capital expenditures have mostly been related to investment opportunities under the TDSIC, including electric and gas infrastructure enhancement projects identified in its electric and gas resource plan. The company's currently approved TDSIC is for the 2022-2026 period. The \$1.64 billion plan includes the replacement of aging transmission and distribution infrastructure, storage projects and expansion of natural gas service to currently unserved rural areas.

Financial ratios expected to remain stable

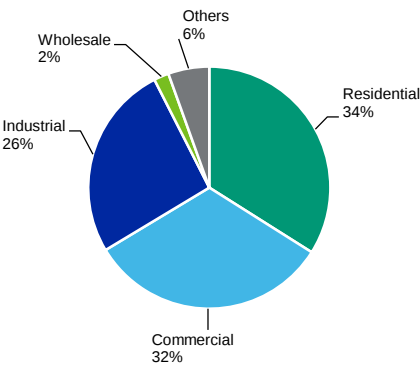
The size of NIPSCO's annual capital investment plan means that the company will generate negative free cash flow even before accounting for any dividends to its owners. We expect NIPSCO's cash flow deficit to be financed with intercompany loans and capital contributions from NiSource and Blackstone.

In 2024 and for the last 12-months ending 31 March 2025, NIPSCO's ratios of CFO pre-WC to debt were 21.7% and 20.5% respectively, materially lower than the mid-to-high 20% range generated prior to 2022 when capital expenditures were lower. However, NIPSCO's financial metrics continue to support its current credit profile. Over the next two years, we expect the CFO pre-WC to debt to be maintained in the 20%-22% range even while capital expenditures remain elevated.

Service territory economy heavily influenced by activity in the manufacturing sector

NIPSCO's industrial customers accounted for roughly 50% of electric retail sales volume and 26% of electric revenues in 2024. The company's high exposure to industrial customers leaves it particularly sensitive to economic cycles. About 49% of NIPSCO Electric's industrial sales are to energy intensive steel related industries. Moody's outlook for the global metals and mining sector is currently negative due to trade tensions and global economic deceleration. Although protectionist measures in the US benefit the domestic steel industry, NIPSCO's exposure to more volatile markets continues to be a credit negative. We note, however, that the impact of lower volumes on margins is mitigated by the approximately 50%-55% fixed component of NIPSCO Electric's industrial rates.

Exhibit 4
Electric revenue by customer type (2024)

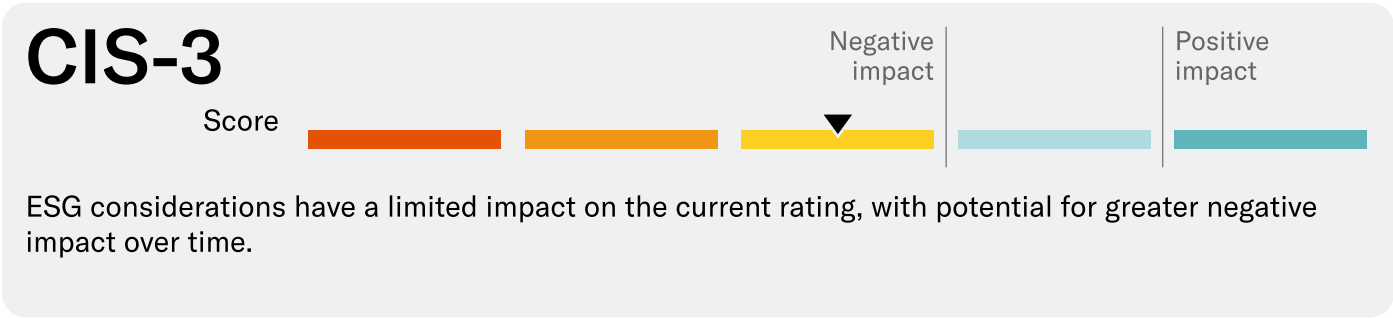


Source: Company filings

ESG considerations

Northern Indiana Public Service Company's ESG credit impact score is CIS-3

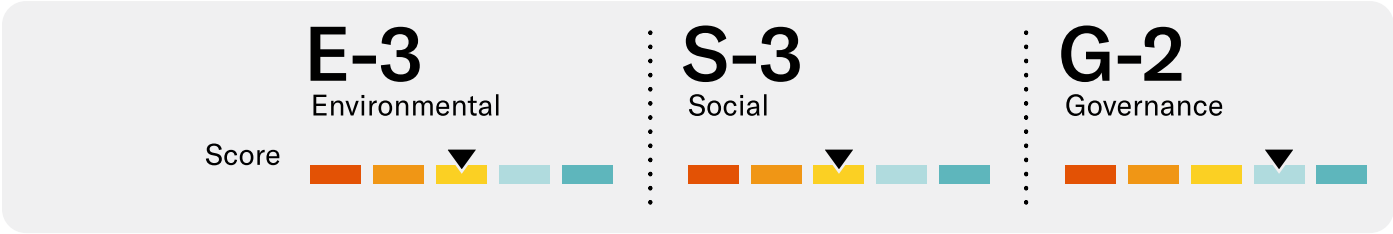
Exhibit 5
ESG credit impact score



Source: Moody's Ratings

NIPSCO's **CIS-3** indicates that ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time. NIPSCO's **CIS-3** primarily reflects environmental risks associated with carbon emissions from its electric and natural gas infrastructure, and social risks related to customer affordability concerns or adverse regulatory outcomes.

Exhibit 6
ESG issuer profile scores



Source: Moody's Ratings

Environmental

NIPSCO's **E-3** issuer profile score primarily reflects its exposure to carbon transition risk. The company's focus on replacing its coal generation with renewables, while important to reduce carbon transition risk, requires significant capital investments. NIPSCO is also

moderately exposed to physical climate risks, including the potential for operational disruptions or unexpected increases in commodity prices.

Social

NIPSCO's **S-3** issuer profile score reflects the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention. NIPSCO is also moderately exposed to responsible production risk because of the risk to public safety inherent in its gas LDC operations.

Governance

NIPSCO's **G-2** issuer profile score is driven by that of parent NiSource Inc and the financial strategy to maintain the utility's capital structure established in its regulated rate construct. NiSource's exposure to governance risks (**G-2** issuer profile score) is in line with other utility holding companies and does not pose a particular credit risk. The presence of a minority shareholder does however add some complexity to NIPSCO's board structure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

We expect NIPSCO to maintain adequate liquidity over the next 12-18 months. The company may borrow a maximum of \$1 billion of short-term debt as approved by FERC. As of 31 March 2025, NIPSCO had \$365 million of short-term borrowings outstanding. Through intercompany revolving credit agreements, NIPSCO indirectly has access to NiSource's \$1.85 billion credit facility, expiring in February 2027. At 31 March 2025, NiSource had no outstanding borrowings and \$0.5 million of letters of credit outstanding under the facility.

NIPSCO also maintains a receivables sales program which expires in August 2025 and is renewed annually if mutually agreed to by all signatory parties. Availability varies according to the season with a maximum program limit of \$100 million as of 31 December 2024.

For the 12-months ending on 31 March 2025, NIPSCO generated \$907 million in operating cash flow, invested approximately \$1.3 billion in capital expenditures, and upstreamed \$341 million in distributions to NiSource and \$17 million to non-controlling interests, resulting in negative free cash flow of \$807 million. Going forward, we expect NIPSCO's free cash flow to remain negative as it executes on its sizeable capital expenditure plan. We anticipate that the utility will continue to meet any cash shortfall through intercompany loans and equity infusions as capital expenditures ramp up.

Methodology and scorecard

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for Northern Indiana Public Service Company.

NIPSCO's Baa1 rating is two notches lower than the scorecard-indicated outcome of A2. The credit rating of NIPSCO is limited to one notch above the credit rating of its highly leveraged parent because the utility is dependent on NiSource for liquidity and external financing.

Exhibit 7

Rating factors

Northern Indiana Public Service Company

Regulated Electric and Gas Utilities Industry [1][2]			Current LTM 3/31/2025		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)			Measure	Score	Measure	Score
a) Legislative and Judicial Underpinnings of the Regulatory Framework			A	A	A	A
b) Consistency and Predictability of Regulation			Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)						
a) Timeliness of Recovery of Operating and Capital Costs			A	A	A	A
b) Sufficiency of Rates and Returns			A	A	A	A
Factor 3 : Diversification (10%)						
a) Market Position			Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity			Baa	Baa	Baa	Baa
Factor 4 : Financial Strength (40%)						
a) CFO pre-WC + Interest / Interest (3 Year Avg)			6.5x	Aa	6.4x - 7x	Aa
b) CFO pre-WC / Debt (3 Year Avg)			20.7%	Baa	20% - 22%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)			17.8%	A	16% - 18%	A
d) Debt / Capitalization (3 Year Avg)			37.9%	A	39% - 42%	A
Rating:						
Scorecard-Indicated Outcome Before Notching Adjustment				A2		A2
HoldCo Structural Subordination Notching			0	0	0	0
a) Scorecard-Indicated Outcome				A2		A2
b) Actual Rating Assigned						Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 03/31/2025(L); Source: Moody's Financial Metrics™

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 8

Peer comparison

Northern Indiana Public Service Company

(in \$ millions)	Northern Indiana Public Service Company Baa1 Stable			Duke Energy Indiana, LLC. A2 Stable			Indiana Michigan Power Company A3 Positive		
	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25	Dec-23	Dec-24	Mar-25
Revenue	2,772	2,752	2,941	3,399	3,040	3,139	2,536	2,572	2,627
CFO Pre-W/C	769	1,042	1,123	1,173	1,066	1,168	818	922	931
Total Debt	3,989	4,809	5,476	5,042	4,922	4,932	3,506	3,541	3,510
CFO Pre-W/C + Interest / Interest	5.4x	5.9x	6.3x	5.8x	5.3x	5.6x	6.6x	7.4x	7.1x
CFO Pre-W/C / Debt	19.3%	21.7%	20.5%	23.3%	21.7%	23.7%	23.3%	26.0%	26.5%
CFO Pre-W/C – Dividends / Debt	18.9%	16.1%	14.0%	18.1%	17.6%	19.8%	17.3%	21.8%	21.9%
Debt / Capitalization	35.2%	37.1%	39.1%	44.0%	41.3%	41.0%	44.9%	43.7%	43.5%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 9

Moody's–adjusted cash flow reconciliation

Northern Indiana Public Service Company

(in \$ millions)	2020	2021	2022	2023	2024	LTM Mar-25
FFO	716.1	785.8	824.1	821.2	1,096.6	1,199.2
+/- Other	20.0	7.1	(61.0)	(52.3)	(54.1)	(76.1)
CFO Pre-WC	736.1	792.9	763.1	768.9	1,042.5	1,123.1
+/- ΔWC	30.0	(72.3)	(86.7)	187.8	9.4	(163.6)
CFO	766.1	720.6	676.4	956.7	1,051.9	959.5
- Div	0.0	0.6	6.0	14.1	269.1	358.2
- Capex	694.8	755.4	974.5	1,320.2	1,380.6	1,411.4
FCF	71.3	(35.4)	(304.1)	(377.6)	(597.8)	(810.1)
(CFO Pre-W/C) / Debt	26.5%	27.0%	20.7%	19.3%	21.7%	20.5%
(CFO Pre-W/C – Dividends) / Debt	26.5%	27.0%	20.5%	18.9%	16.1%	14.0%
FFO / Debt	25.8%	26.7%	22.3%	20.6%	22.8%	21.9%
RCF / Debt	25.8%	26.7%	22.2%	20.2%	17.2%	15.4%
Revenue	2,248.0	2,531.5	2,887.0	2,771.6	2,752.0	2,941.0
Interest Expense	114.8	113.6	131.4	175.3	212.9	212.2
Net Income	273.5	302.8	321.9	370.7	623.9	716.1
Total Assets	9,393.2	10,436.1	11,759.9	13,279.3	15,123.7	16,124.2
Total Liabilities	6,218.7	6,931.9	7,914.9	6,451.4	7,411.9	8,049.0
Total Equity	3,174.5	3,504.2	3,845.0	6,827.9	7,711.8	8,075.2

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Ratings

Exhibit 10

Category	Moody's Rating
NORTHERN INDIANA PUBLIC SERVICE COMPANY	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
PARENT: NISOURCE INC.	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Pref. Stock	Ba1
Commercial Paper	P-2

Source: Moody's Ratings

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REPORT NUMBER 1450387

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

RATING ACTION COMMENTARY**Fitch Affirms NiSource and NIPSCO at 'BBB'; Outlooks Stable**

Mon 14 Jul, 2025 - 12:24 PM ET

Fitch Ratings - Toronto - 14 Jul 2025: Fitch Ratings has affirmed the 'BBB' Long-Term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and Northern Indiana Public Service Company (NIPSCO). The Rating Outlooks for both are Stable. Fitch has also affirmed NI's Short-Term Issuer Default Rating at 'F2'.

NI's affirmation and Stable Outlook reflect its large-scale, fully regulated gas and electric utility operations serving about 3.8 million customers across six states. The rating also reflects the generally constructive regulatory environment that NI operates in, supporting cash flow recovery, visibility and stability.

KEY RATING DRIVERS

Data Center Uncertainties: NI recently formed NIPSCO Generation LLC (GenCo) to own, build and operate generation assets serving data center customers. In January 2025, GenCo filed a declination of jurisdiction request with the Indiana Utility Regulatory Commission (IURC), which, if approved, would allow its rates and capital structure to be set through negotiated contracts rather than base rate proceedings. The company expects a decision from the IURC around late Q3 2025. Fitch's current base case does not include any of GenCo's capital spending or cash flows. Fitch will continue to monitor this development and reassess when more information is available.

Supportive Gas Regulation: Gas utilities have revenue decoupling in Ohio, Maryland and Virginia, weather normalization in Pennsylvania, Maryland, Virginia, Indiana and Kentucky, and straight fixed variable rates in Ohio. All NI's gas utilities use infrastructure trackers except in Pennsylvania. Gas rates in Indiana are nearly 50% fixed for residential and commercial customers. Approximately 50% of the total revenue is non-volumetric. Gas utilities in Indiana, Kentucky, Ohio and Maryland have authorized return on equity (ROEs)

of 9.75%, 9.75% 9.60% and 9.80%, respectively. The other gas utility has ROE for infrastructure programs of 9.70%.

Four states have legislation that prohibit municipalities from banning natural gas use. At a county level, Maryland is the only state within NI's service territory that restricts the use of fossil fuel, including natural gas, in buildings; however, Maryland makes up a very small portion of NI's customers and cash flow. Fitch considers Ohio, Pennsylvania, and Indiana — NI's top three service territories — to be among the most supportive jurisdictions in the U.S.

Supportive Electric Regulation: NIPSCO electric's authorized ROE is 9.80%, above the industry average of mid-9%. Indiana's Transmission, Distribution and Storage System Improvement Charge statute allows cost recovery between rate cases for safety, reliability and modernization. It also allows preapproval of a seven-year plan for eligible investments. Up to 80% of eligible costs can be recovered using semiannual trackers. The Federal Energy Regulatory Commission (FERC) regulates transmission projects, which supports forward-looking rates and recovery of construction work in progress, with over 10% ROE.

Electric Rate Case Settlement: On Feb. 7, 2025, NIPSCO filed a settlement agreement with the IURC reflecting a net annual revenue increase of \$257.0 million and prospective fuel cost reduction and certain tax credits. On June 26, 2025, the IURC fully approved and adopted the settlement. The new rate increases will be implemented in two steps, with Step 1 rates effective in July 2025 and Step 2 rates to be effective in March 2026. The outcome is constructive and consistent with Fitch's expectation.

Gas Rate Case Settlement: On Dec. 5, 2024, Columbia Gas of Virginia (CVA) filed a settlement agreement for gas distribution rate increases of \$40.7 million against the requested amount of \$52.6 million. The increase includes about \$12.5 million that was being collected under an aging pipeline replacement rider. On May 15, 2025, the settlement was adopted. The approved equity layer and ROE were 43.147% and 9.75%, respectively. The new rate increase becomes effective on Oct. 1, 2025. The rate case outcome is constructive and consistent with Fitch's expectation.

Pending Gas Rate Case: On March 20, 2025, Columbia Gas of Pennsylvania filed a gas distribution base rate increase of \$110.5 million. The requested rate base is \$3.8 billion with an equity layer of 54.40% and ROE of 11.35%. An outcome is expected by Q4 2025. Fitch assumes a constructive outcome from the rate decision with 60% of the requested base rate increase to be approved, consistent with prior rate decisions.

Elevated Capex: NI's capex remains elevated. Over the 2025-2029 period, Fitch expects NI's base capex plan to be about \$19.4 billion, supporting annual rate base growth of about 8%-10%. Most projects are small, providing flexibility in execution. NI's robust capex program is mainly supported by infrastructure modernization legislations and riders in all its service territories. Renewable projects are preapproved, reducing regulatory uncertainties.

Credit Metrics Stabilized: NI's credit metrics have stabilized. Over the past few years, NI's credit metrics were affected by the Merrimack Valley gas explosions, the pandemic, an asset sale in Massachusetts, one-time expenses associated with NiSource Next initiative, unfavorable weather, and timing of the minority sale in NIPSCO. The FFO leverage ratio averaged around 6.3x during 2020-2023. For 2024, FFO leverage improved and stabilized to about 5.8x. Over the 2025-2027 period, Fitch forecast FFO leverage of about 5.5x-5.8x.

PEER ANALYSIS

NI's fully regulated business model provides predictable earnings and cash flow compared with Southern Company Gas (BBB+/Stable), which invests in unregulated operations. NI's business model, geographic diversification and supportive regulations mitigate its relatively weak credit metrics. Like IPALCO Enterprises, Inc. (BBB-/Stable), which also operates in Indiana, NI's subsidiary NIPSCO has coal generation.

However, NI's operation is diversified and gas-focused compared with IPALCO's single-state electric generation. Both NI and IPALCO are executing a large capex program. Fitch expects NI's FFO leverage to be around 5.5x-5.8x in 2025-2027 while that of IPALCO is anticipated to be around 5.5x-6.0x in 2025-2027. NI's larger scale and asset mix result in the one-notch IDR difference from IPALCO, although their FFO leverage ratios are similar.

KEY ASSUMPTIONS

--Capex of about \$19.4 billion in total between 2025 and 2029;

--Normal weather;

--Modest customer growth;

--No adverse regulatory outcomes;

--All debt maturities are refinanced.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--NI and NIPSCO could be downgraded if consolidated FFO leverage sustains above 6.0x with low probability of recovery;

--Material adverse changes in NI's regulatory construct result in unexpected lag or disallowance in recovering capex;

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--NI and NIPSCO could be upgraded if consolidated FFO leverage is consistently below 5.0x.

LIQUIDITY AND DEBT STRUCTURE

NI continues to have sufficient liquidity. As of March 31, 2025, it had about \$259 million of unrestricted cash and \$1,329 million availability under its \$1.85 billion unsecured revolving credit facility, after factoring in \$521 million of commercial paper outstanding. NI is required to maintain total debt to total capitalization that does not exceed 0.70 to 1 under the credit facility. There are about \$1.28 billion debt maturities due in 2025.

ISSUER PROFILE

NiSource Inc. is a fully regulated utility holding company whose regulated subsidiaries provide natural gas and electricity to 3.8 million customers across six states.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

Attachment 1-D

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅			PRIOR ⇅
NiSource Inc.	LT IDR	BBB	Affirmed	BBB
	ST IDR	F2	Affirmed	F2
senior unsecured	LT	BBB	Affirmed	BBB
junior subordinated	LT	BB+	Affirmed	BB+
senior unsecured	ST	F2	Affirmed	F2
Northern Indiana Public Service Company	LT IDR	BBB	Affirmed	BBB
senior unsecured	LT	BBB+	Affirmed	BBB+
PREVIOUS Page 1 of 1 10 rows ▼ NEXT				

[VIEW ADDITIONAL RATING DETAILS](#)

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)
(including rating assumption sensitivity)

[Parent and Subsidiary Linkage Rating Criteria \(pub. 27 Jun 2025\)](#)

[Corporate Rating Criteria \(pub. 27 Jun 2025\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 27 Jun 2025\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

NiSource Inc.

EU Endorsed, UK Endorsed

Northern Indiana Public Service Company

EU Endorsed, UK Endorsed

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Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

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NiSource Inc.; Northern Indiana Public Service Company

NiSource Inc.'s (NI) credit profile is supported by its 100% regulated gas and electric utility operations in six states. The recent closing of the partial sale of 19.9% of Northern Indiana Public Service Company (NIPSCO) will provide additional funding for NI's aggressive growth capital expenditure (capex) program while improving its financial flexibility.

Key Rating Drivers

Low Business Risk: NI's Ratings and Outlook are supported by stable cash flows and earnings from 100% regulated gas and electric utilities in six states. The gas rate base is approximately 69% the total rate base. Gas distribution utilities benefit from supportive recovery mechanisms and less exposure to environmental mandates.

Four states have legislations that prohibit municipalities from banning natural gas use. At a county level, Maryland is the only state within NI's service territory that restricts the use of fossil fuels, including natural gas, in buildings. However, Maryland makes up a very small portion of NI's customers and cash flow. Fitch considers Ohio, Pennsylvania and Indiana — NI's top three service territories — to be among the most supportive jurisdictions in the U.S.

Supportive Gas Regulation: Gas utilities have revenue decoupling in Ohio, Maryland and Virginia; weather normalization in Pennsylvania, Maryland, Virginia and Kentucky; and straight fixed variable rates in Ohio. All of NI's gas utilities use infrastructure trackers, except in Pennsylvania. Gas rates in Indiana are nearly 50% fixed for residential and commercial customers. Approximately 50% of the total revenue is non-volumetric.

Gas utilities in Indiana, Kentucky and Ohio have authorized ROEs of 9.75%, 9.35% and 9.60%, respectively. Other gas utilities have ROEs for infrastructure programs ranging from 9.275% to 9.700%. Maryland did not have a specified ROE in its latest 2023 rate case.

Supportive Electric Regulation: NIPSCO electric's authorized ROE is 9.80%, compared with the industry average of mid-9%. In Indiana, the Transmission, Distribution and Storage System Improvement Charge statute provides cost recovery between rate cases for safety, reliability and modernization projects. This statute also permits the pre-approval of a seven-year plan of eligible investments, with up to 80% of eligible costs recoverable through semi-annual trackers. Transmission projects are regulated by the Federal Energy Regulatory Commission (FERC), which provides forward-looking rates and allows for the recovery of construction work in progress, with over 10% ROE.

Last Rate Case Constructive: Fitch views NIPSCO's last electric rate case settlement and final order favorably. On March 10, 2023, NIPSCO filed a settlement that allows a \$262 million base rate increase, based on a 9.8% ROE and 51.63% equity layer. This ROE is higher than the industry average of mid-9%. Under the settlement, NIPSCO would withdraw a variable cost tracker (VCT) for its coal-fired generation plants and replace it with a new environmental cost tracker (ECT). The ECT would allow fewer categories of costs than the VCT, with a total of about \$29.9 million annually. The commission fully adopted and approved the settlement in August 2023.

NIPSCO filed its gas rate case in October 2023, which requested a two-step base rate increase with a total of \$161.9 million. On March 20, 2024, the company filed a settlement for a two-step base rate increase with a total of \$120.9 million. The first increase will take effect shortly after an order is issued, likely in September 2024. The second increase will take effect shortly after the commission approves the company's compliance filing, around March 1, 2025. On July 31, 2024 the commission approved the settlement agreement.

Attachment 1-D

Corporates

Natural Gas & Propane
United States

Ratings

NiSource Inc.

Long-Term IDR	BBB
Short-Term IDR	F2
Senior Unsecured Debt - Long-Term Rating	BBB
Senior Unsecured Debt - Short-Term Rating	F2
Junior Subordinated Debt	BB+

Outlook

Long-Term Foreign Currency IDR	Stable
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Northern Indiana Public Service Company

Long-Term IDR	BBB
Senior Unsecured Debt - Long-Term Rating	BBB+

Outlook

Long-Term Foreign Currency IDR	Stable
--------------------------------	--------

[Click here for the full list of ratings](#)

2035 Climate Vulnerability Signal: 51

Applicable Criteria

[Corporate Rating Criteria \(November 2023\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(October 2023\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(June 2023\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(June 2024\)](#)

Related Research

[Global Corporates Macro and Sector Forecasts \(June 2024\)](#)

[North American Utilities, Power & Gas Dashboard: 2Q24 \(July 2024\)](#)

[North American Utilities: 1Q24 Results, 2024 Guidances and Long-Term Earnings per Share Growth Affirmed \(May 2024\)](#)

[North American Utilities, Power & Gas Outlook 2024 \(December 2023\)](#)

Analysts

Ivana Ergovic
+1 212 908 0354
ivana.ergovic@fitchratings.com

Andrew Ng
+1 647 693 6310
andrew.ng@fitchratings.com

Elevated Capex: NI's capex remains elevated. Over the 2024 to 2028 period, Fitch expects NI's base capex plan to be about \$16.4 billion, which will support an annual rate base growth of about 8% to 10%. The small size of most projects provides flexibility in execution. NI's robust capex program is mainly supported by infrastructure modernization legislation and riders in all its service territories. Renewable projects are pre-approved, which reduces regulatory uncertainties.

Cleaner Generation: NI plans to retire all coal generation by 2028. As of Dec. 31, 2023, 42% (1,177MW) of NIPSCO's nameplate generation capacity was from coal generation. The company is on track to retire the two remaining coal units at the R.M Schahfer Generating Station by the end of 2025. The Michigan City Generating Station is set to retire by 2028, subject to approval by the Midcontinent Independent System Operator. NI has proposed to replace the retiring units with demand side management resources, solar power, energy storage, and upgrades to the Sugar Creek Generating Station. Fitch views the proposed coal phaseout by 2028 as a move that will improve business risk and that is credit positive over the long term.

Credit Metrics: Since 2020, NI's credit metrics were affected by the Merrimack Valley gas explosions, the pandemic, an asset sale in Massachusetts, one-time expenses associated with NiSource Next initiative, unfavorable weather, and timing of the minority interest sale in NIPSCO. The funds from operations (FFO) leverage ratio averaged around 6.3x in the past four years. Over the 2024 to 2026 period, Fitch forecasts FFO leverage of about 5.6x to 5.9x.

Parent Sub Linkage: NiSource and NIPSCO's Standalone Credit Profiles are the same. NIPSCO has a very small amount of debt as it relies on NiSource solely for liquidity and capital access. NiSource has not issued any new debt at the operating company levels and does not plan to do so going forward. The legacy public debt will be repaid as it matures. NIPSCO's Standalone Credit Profile is not analytically meaningful.

Financial Summary

(\$ Mil.)	2020	2021	2022	2023
Gross revenue	4,681.7	4,899.6	5,850.6	5,505.4
EBITDA	1,652.8	1,717.1	2,071.1	2,196.6
CFO (Fitch-defined)	1,025.5	1,133.4	1,316.4	1,845.2
Capital intensity (capex/revenue) (%)	39.4	42.4	43.2	61.9
Debt	10,078.0	10,135.0	11,657.2	14,246.7
FFO interest coverage (x)	4.1	4.6	4.7	4.1
FFO leverage (x)	6.1	5.9	6.3	7.0
EBITDA leverage (x)	6.1	5.9	5.6	6.5

Note: For 2023, FFO leverage was materially higher due to the timing of the minority interest sale of NIPSCO that closed on Dec 31, 2023.

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

NiSource Inc.

NI's fully regulated business model provides predictable earnings and cash flow, compared with Southern Company Gas (BBB+/Stable), which invests in unregulated operations. NI's business model, geographic diversification, and supportive regulations mitigate its relatively weak credit metrics. Similar to IPALCO Enterprises, Inc. (IPALCO; BBB-/Stable), which also operates in Indiana, NI's subsidiary NIPSCO has coal generation.

However, NI's operations are diversified and gas-focused compared with IPALCO's single-state electric generation. Both NI and IPALCO execute large capex programs. Fitch expects NI's FFO leverage to be around 5.5x to 5.9x from 2024 to 2026, while that of IPALCO is expected to be around 5.1x to 6.3x for the same period. NI's larger scale and asset mix result in the one-notch IDR difference from IPALCO, although their FFO leverage ratios are similar.

NIPSCO

NIPSCO's gas and electric assets are superior to Indianapolis Power & Light Co.'s (IPL, BBB+/Stable) electric-only operations. Gas utilities generally have lower operating risks and benefit from favorable regulations. NIPSCO and IPL's coal-generation portfolios rely on Indiana's supportive environmental cost-recovery mechanisms. NIPSCO relies solely on NiSource for funding. IPL's rating is constrained by the ownership of IPALCO, which relies on IPL solely to service its debt obligations.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- NI and NIPSCO could be upgraded if consolidated FFO leverage is consistently below 5.0x.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Consolidated FFO leverage sustains above 6.0x with low probability of recovery;
- Material adverse changes in NI's regulatory construct result in unexpected lag or disallowance in recovering capex.

Liquidity and Debt Structure

Adequate Liquidity: NI continues to have sufficient liquidity. As of June 30, 2024, it had about \$101 million of unrestricted cash and \$1,206 million availability under its \$1,850 million unsecured revolving credit facility, after factoring in \$644 million in outstanding commercial paper.

NI is required to maintain a total debt to total capitalization ratio that does not exceed 0.70 under the credit facility. There are no debt maturities in 2024 and about \$1.26 billion due in 2025.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

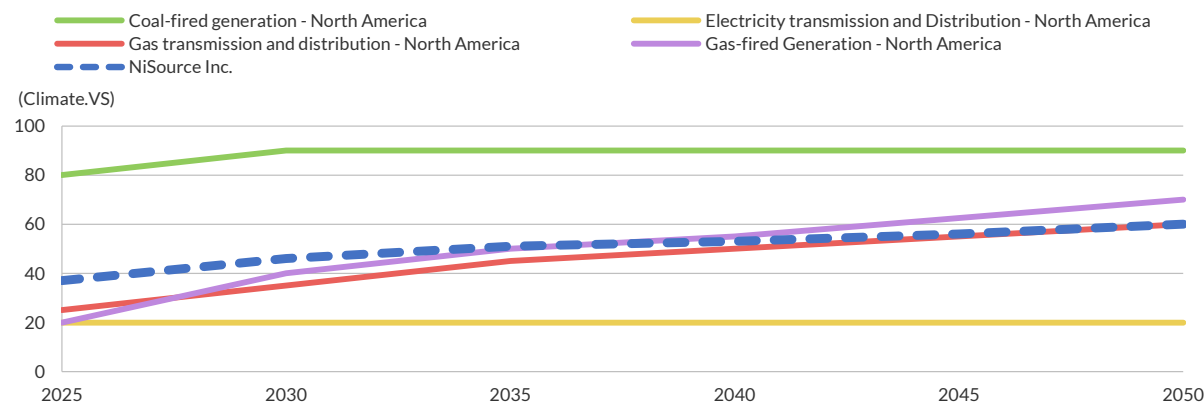
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

NiSource's 2023 revenue-weighted Climate Vulnerability Signal (Climate.VS) is close to average at '51' in 2035. The signal reflects its utilities' natural gas distribution operations (approximately 70% of revenue), electric transmission and distribution operations and the remaining coal and gas generation. NiSource's gas utilities reduce methane emissions through modernization and advanced leak detection and repair of the gas distribution systems. The company also has a well-articulated plan to exit coal and replace it with renewable resources. The company is on track to reduce 90% of greenhouse gas emissions by 2030.

Climate.VS Evolution

As of Dec. 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(\$ Mil.)	December 31, 2022	December 31, 2023
Total cash and cash equivalents	75	2,281
Short-term investments		
Less not readily available cash and cash equivalents	35	36
Fitch-Defined Readily Available Cash and Cash Equivalents	41	2,245
Availability under committed lines of credit	1,425	779
Total Liquidity	1,466	3,024
LTM EBITDA after associates and minorities	2,065	2,183
LTM FCF	-1,592	-1,976

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Scheduled debt maturities

(\$ Mil.)	December 31, 2023
2024	3,049
2025	1,260
2026	
2027	1,090
2028	1,055
Thereafter	8,036
Total	14,490

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

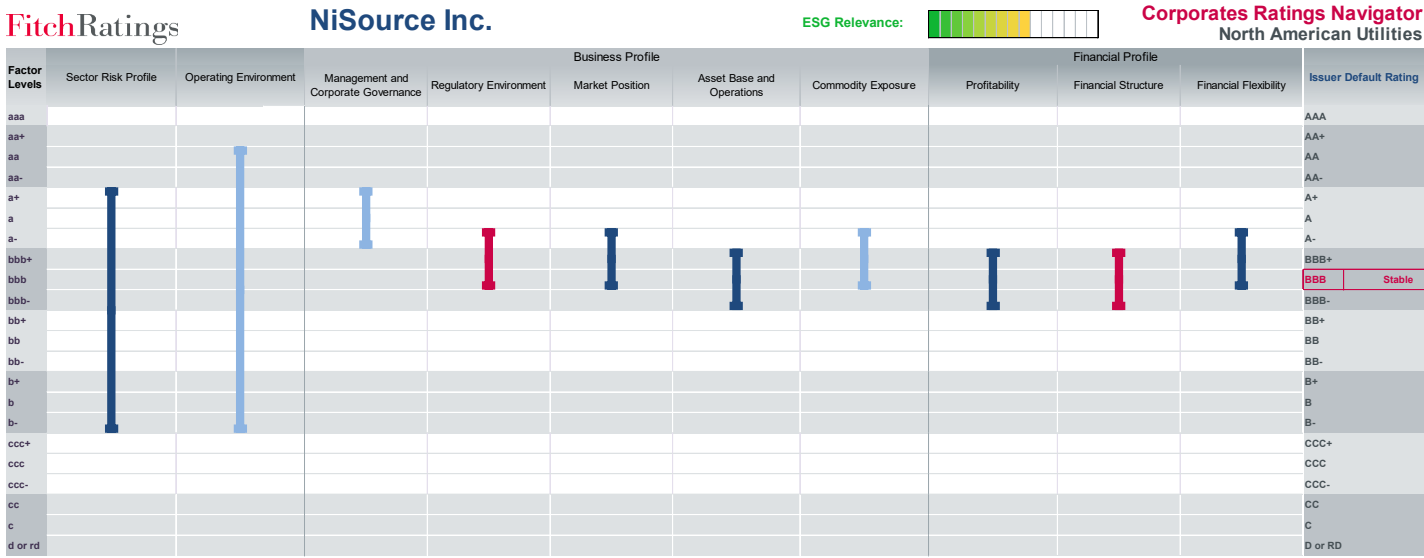
Key Assumptions

- Capex of about \$16.4 billion in total between 2024 and 2028;
- Normal weather;
- Modest customer growth;
- No adverse regulatory outcomes;
- All debt maturities are refinanced.

Financial Data

(\$ Mil.)	2020	2021	2022	2023
Summary Income Statement				
Gross revenue	4,682	4,900	5,851	5,505
Revenue growth (%)	-10.1	4.7	19.4	-5.9
EBITDA before income from associates	1,653	1,717	2,071	2,197
EBITDA margin (%)	35.3	35.0	35.4	39.9
EBITDA after associates and minorities	1,653	1,717	2,065	2,183
EBIT	950	998	1,282	1,320
EBIT margin (%)	20.3	20.4	21.9	24.0
Gross interest expense	-367	-336	-360	-506
Pretax income including associate income/loss	-31	707	956	814
Summary Balance Sheet				
Readily available cash and equivalents	117	84	41	2,245
Debt	10,078	10,135	11,657	14,247
Net debt	9,962	10,051	11,616	12,001
Summary Cash Flow Statement				
EBITDA	1,653	1,717	2,071	2,197
Cash interest paid	-345	-318	-342	-451
Cash tax	-1	-5	-7	-9
Dividends received less dividends paid to minorities (inflow/outflow)	—	-1	-6	-14
Other items before FFO	-9	-3	-193	-149
FFO	1,249	1,340	1,472	1,539
FFO margin (%)	26.7	27.3	25.2	27.9
Change in working capital	-223	-206	-156	307
CFO (Fitch-defined)	1,026	1,133	1,316	1,845
Total non-operating/nonrecurring cash flow	—	—	—	—
Capex	-1,843	-2,078	-2,527	-3,407
Capital intensity (capex/revenue) (%)	39.4	42.4	43.2	61.9
Common dividends	-322	-345	-382	-414
FCF	-1,140	-1,290	-1,592	-1,976
FCF margin (%)	-24.3	-26.3	-27.2	-35.9
Net acquisitions and divestitures	1,116	1	—	—
Other investing and financing cash flow items	-293	86	-69	1,820
Net debt proceeds	82	31	1,488	2,742
Net equity proceeds	211	1,140	154	-381
Total change in cash	-23	-32	-20	2,206
Calculations for Forecast Publication				
Capex, dividends, acquisitions and other items before FCF	-1,049	-2,423	-2,909	-3,821
FCF after acquisitions and divestitures	-24	-1,290	-1,592	-1,976
FCF margin after net acquisitions (%)	-0.5	-26.3	-27.2	-35.9
Gross Leverage Ratios (x)				
EBITDA leverage	6.1	5.9	5.6	6.5
CFO-capex/debt	-8.1	-9.3	-10.4	-11.0
Net Leverage Ratios (x)				
EBITDA net leverage	6.0	5.9	5.6	5.5
CFO-capex/net debt	-8.2	-9.4	-10.4	-13.0
Coverage Ratios (x)				
EBITDA interest coverage	4.8	5.4	6.0	4.8
CFO – Cash flow from operations				
Source: Fitch Ratings, Fitch Solutions.				

Ratings Navigator



Bar Chart Legend:

Vertical Bars = Range of Rating Factor

Bar Colors = Relative Importance

Higher Importance

Average Importance

Lower Importance

Bar Arrows = Rating Factor Outlook

Positive

Negative

Evolving

Stable

Operating Environment			
aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			
Regulatory Environment			
a	Degree of Transparency and Predictability	bbb	Generally transparent and predictable regulation with limited political interference.
a-	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
bbb+	Trend in Authorized ROEs	a	Above-average authorized ROE.
bbb	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb-	Mechanisms Supportive of Creditworthiness	n.a.	
Asset Base and Operations			
a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			
Profitability			
a-	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
bbb+	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb			
bbb-			
bb+			
Financial Flexibility			
a	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
a-	Liquidity	bbb	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb+	FFO Interest Coverage	bbb	4.5x
bbb			
bbb-			

How to Read This Page:

The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance			
aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			
Market Position			
a	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a-	Consumption Growth Trend	bbb	Customer and usage growth in line with industry averages.
bbb+	Customer Mix	a	Favorable customer mix.
bbb	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb-	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.
Commodity Exposure			
a	Ability to Pass Through Changes in Fuel	bbb	Limited exposure to changes in commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	a	Highly captive supply and customer base.
bbb			
bbb-			
Financial Structure			
a-	EBITDA Leverage	bb	4.75x
bbb+	FFO Leverage	bbb	5.0x
bbb			
bbb-			
bb+			

Credit-Relevant ESG Derivation					Overall ESG		
NiSource Inc. has 12 ESG potential rating drivers				key driver	0	issues	5
➡	Emissions from operations			driver	0	issues	4
➡	Fuel use to generate energy and serve load			potential driver	12	issues	3
➡	Impact of waste from operations						
➡	Plants' and networks' exposure to extreme weather						
➡	Product affordability and access						
➡	Quality and safety of products and services; data security			not a rating driver	2	issues	2
Showing top 6 issues					0	issues	1

Credit-Relevant ESG Derivation

NiSource Inc. has 12 ESG potential rating drivers

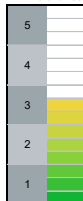
- ➡ NiSource Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➡ NiSource Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- ➡ NiSource Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- ➡ NiSource Inc. has exposure to extreme weather events but this has very low impact on the rating.
- ➡ NiSource Inc. has exposure to access/affordability risk but this has very low impact on the rating.
- ➡ NiSource Inc. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

				ESG Relevance to Credit Rating	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	12	issues	3		
not a rating driver	2	issues	2		
	0	issues	1		

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability

E Relevance

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

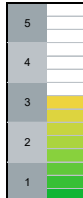
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

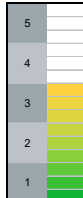
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability

S Relevance

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

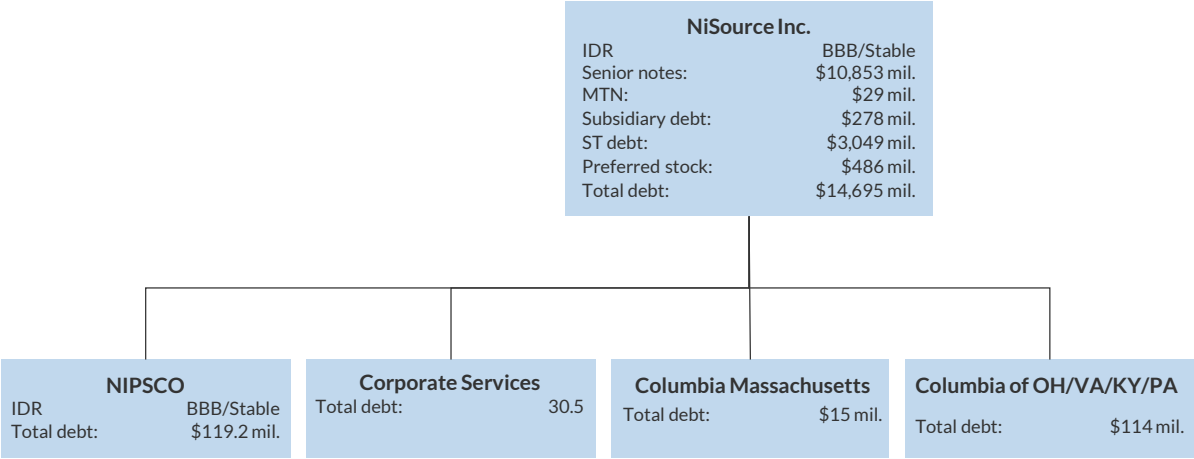
G Relevance

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Inrelevant to the entity rating but relevant to the sector.
1	Inrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational and Debt Structure
(\$ Mil. As of December 31, 2023)



Note: Debt includes finance leases. IDR – Issuer Default Rating.
Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (\$ Mil.)	FFO (\$ Mil.)	FFO Interest Coverage (x)	FFO Leverage (x)	EBITDA Leverage (x)
NiSource Inc.	BBB						
	BBB	2023	5,505	1,539	4.1	7.0	6.5
	BBB	2022	5,851	1,472	4.7	6.3	5.6
	BBB	2021	4,900	1,340	4.6	5.9	5.9
Southern Company Gas	BBB+						
	BBB+	2023	4,702	1,345	5.4	4.8	5.3
	BBB+	2022	5,962	1,461	6.5	4.6	5.3
	BBB+	2021	4,380	1,248	3.6	4.5	5.3
IPALCO Enterprises, Inc.	BBB-						
	BBB-	2023	1,650	360	3.8	7.1	7.1
	BBB-	2022	1,792	335	3.8	6.7	6.1
	BBB-	2021	1,426	349	3.9	6.0	5.5
Indianapolis Power & Light Company	BBB+						
	BBB+	2023	1,650	376	5.0	5.6	5.3
	BBB+	2022	1,792	359	5.3	4.9	4.3
	BBB+	2021	1,426	375	5.4	4.1	3.7
Indiana Michigan Power Company	A-						
	A-	2023	2,536	783	6.7	3.6	3.2
	A-	2022	2,670	723	6.9	3.8	3.4
	A-	2021	2,327	689	7.1	3.8	3.5

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(\$ Mil. as of December 31, 2023)	Notes and Formulas	Standardized Values	Fair Value and other Debt Adjustments	Lease Treatment	Other Adjustments	Adjusted Values
Income Statement Summary						
Revenue		5,505	—	—	—	5,505
EBITDA	(a)	2,204	—	-41	34	2,197
Depreciation and amortization		-908	—	32	—	-876
EBIT		1,296	—	-9	34	1,320
Balance Sheet Summary						
Debt	(b)	14,166	81	-205	205	14,247
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		14,166	81	-205	205	14,247
Readily available cash and equivalents	(c)	2,245	—	—	—	2,245
Not readily available cash and equivalents		36	—	—	—	36
Cash Flow Summary						
EBITDA	(a)	2,204	—	-41	34	2,197
Dividends received from associates less dividends paid to minorities	(d)	-14	—	—	—	-14
Interest paid	(e)	-443	—	9	-17	-451
Interest received	(f)	9	—	—	—	9
Preferred dividends paid	(g)	-44	—	—	—	-44
Cash tax paid		-9	—	—	—	-9
Other items before FFO		57	—	—	-206	-149
FFO	(h)	1,760	—	-32	-189	1,539
Change in working capital		117	—	—	189	307
CFO	(i)	1,877	—	-32	—	1,845
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-2,646	—	—	-761	-3,407
Common dividends paid		-414	—	—	—	-414
FCF		-1,182	—	-32	-761	-1,976
Gross Leverage (x)						
FFO leverage	b/(h-e-f-g)	6.4	—	—	—	7.0
(CFO-capex)/debt (%)	(i+j)/b	-5.4	—	—	—	-11.0
Net Leverage (x)						
FFO net leverage	(b-c)/(h-e-f-g)	5.4	—	—	—	5.9
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-6.4	—	—	—	-13.0
Coverage (x)						
FFO interest coverage	(h-e-f-g)/(-e-g)	4.6	—	—	—	4.1

CFO – Cash flow from operations

Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Debt in the standardized values column excludes lease liabilities of USD239.5 million.

Source: Fitch Ratings, Fitch Solutions, NiSource Inc.

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