Will coal be part of what “Makes America Great Again?”

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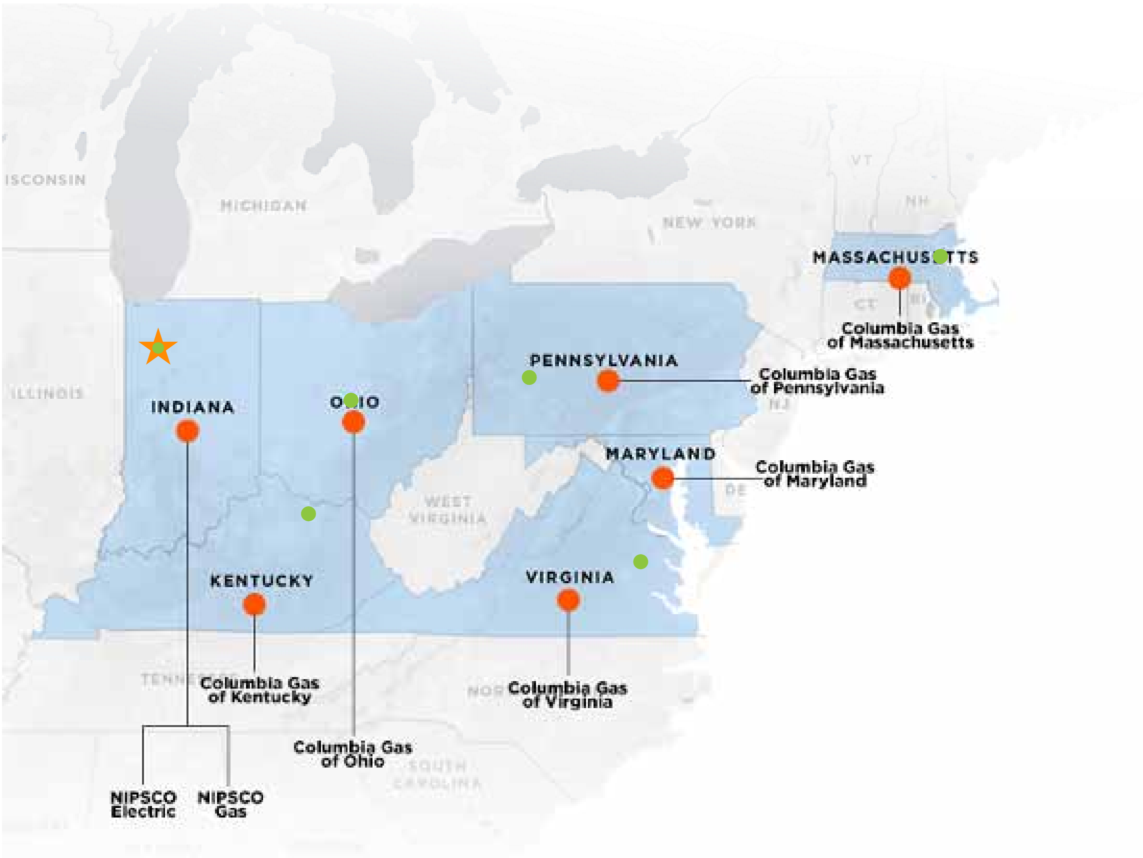
Discussion Plan

- **NiSource: Who we are**

- **Energy's Big Trends**
  - How is the war on coal going?
    - The CO_2 Story
    - The Wind Story
    - The Germany Story
    - The U.S. Picture
  - Utility Perspective

- **Will coal be part of what "Makes America Great Again?"**

NiSource: An Industry-Leading Natural Gas and Electric Utility Company



- 7-State Footprint
- ~7,500 Employees
- ~3.5M Natural Gas Utility Customers
- ~500K Electric Utility Customers
- ~$30B, 20+ Year Infrastructure Enhancement Plan

One of the Nation's Largest Natural Gas Distribution Companies

Corporate Headquarters   State Utility Headquarters

An Industry-Leading Natural Gas and Electric Utility Company

Our Stakeholder Commitments

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

Takeaway Alert! File these in your head for later!

2012 World's Most Ethical Companies www.ethisphere.com

2013 World's Most Ethical Companies www.ethisphere.com

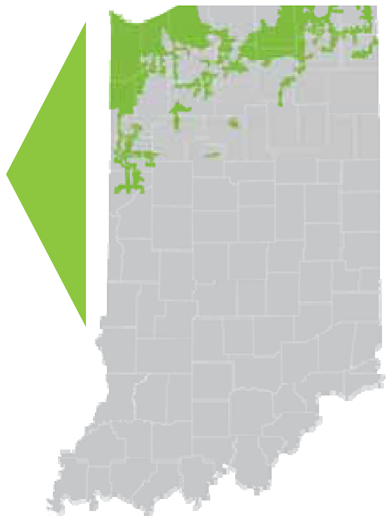
Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM

2014 World's Most Ethical Companies® www.ethisphere.com

2015 World's Most Ethical Companies® www.ethisphere.com

NIPSCO

ELECTRIC



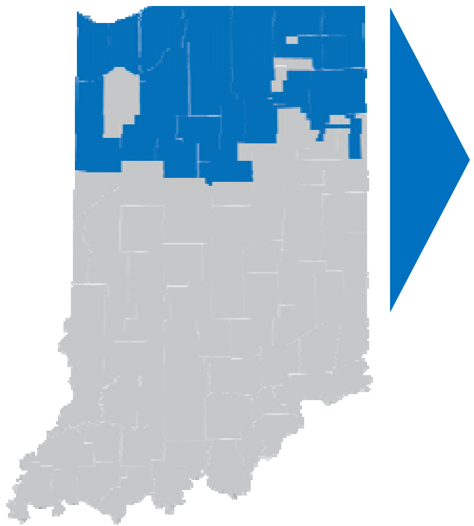
Business Profile

- Third largest electric utility in Indiana (~500K customers)
- Fully integrated electric utility
- 3,821 MW of environmentally compliant generation
- ~ $3.0B rate base

Customer Focus

- Fewest customer complaints in Indiana
- Top quartile reliability performance
- Continued rise in J.D. Power customer satisfaction survey

GAS



Business Profile

- Largest LDC in Indiana (~800K customers)
- ~ 17,000 miles of pipe
- ~ 35 miles of unprotected steel
- Regulatory construct encourages gas system expansion into rural areas
- ~ $800M fair value rate base

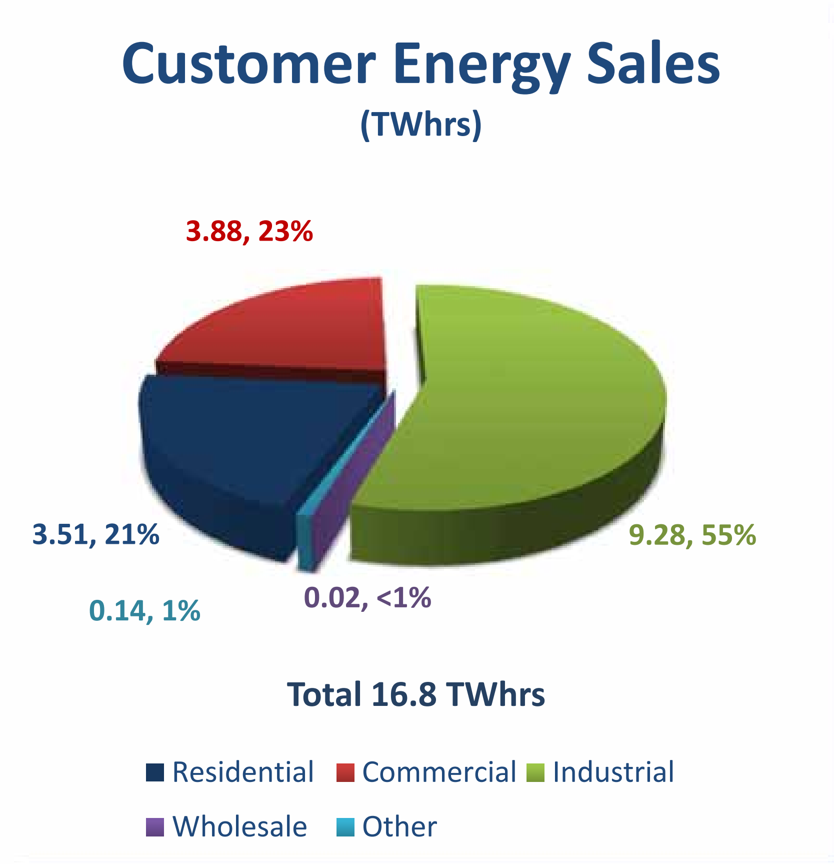
Customer Focus

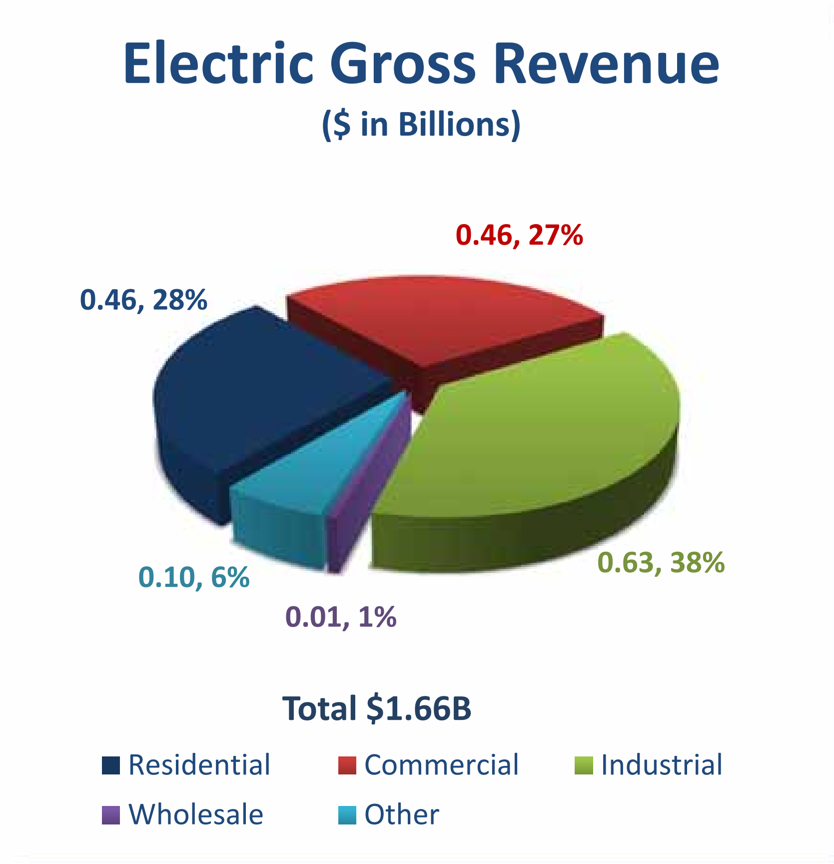
- Lowest-cost gas provider
- Fewest customer complaints
- Continued rise in J.D. Power customer satisfaction survey

Economic Outlook / Customer Growth

- Customer growth potential through rural extension opportunities

NIPSCO Electric Customer Mix[1]



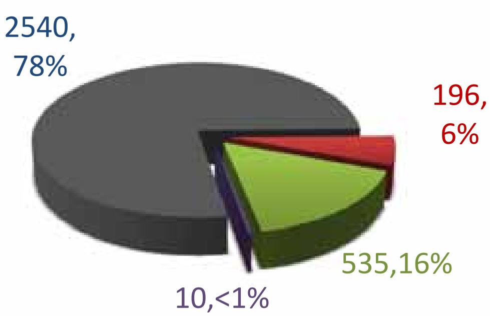


Takeaway Alert! I & C 65% of Gross Revenue and 78% of Energy Sales

1. NiSource 2016 10K

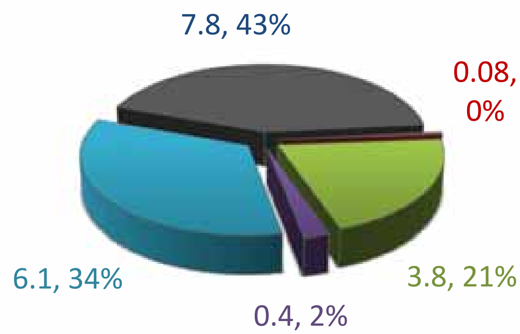
2016 Capacity Mix and Energy Mix

Capacity
(Net MWs)



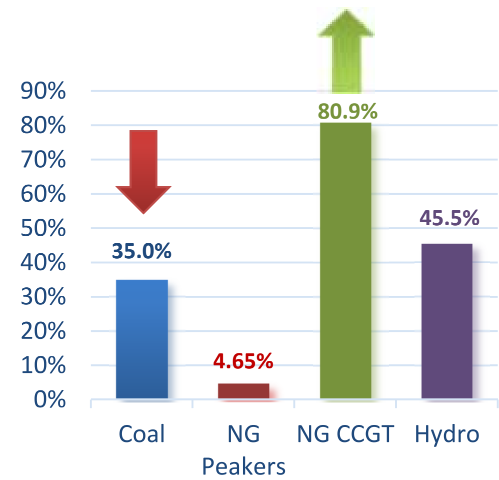
Total 3,821 MWs

Energy (Sales)
(TWHrs)



Total 19.3 TWhrs

Capacity Factors



Takeaway Alert! CCGT and Coal Capacity Factors have flipped…..

We are here

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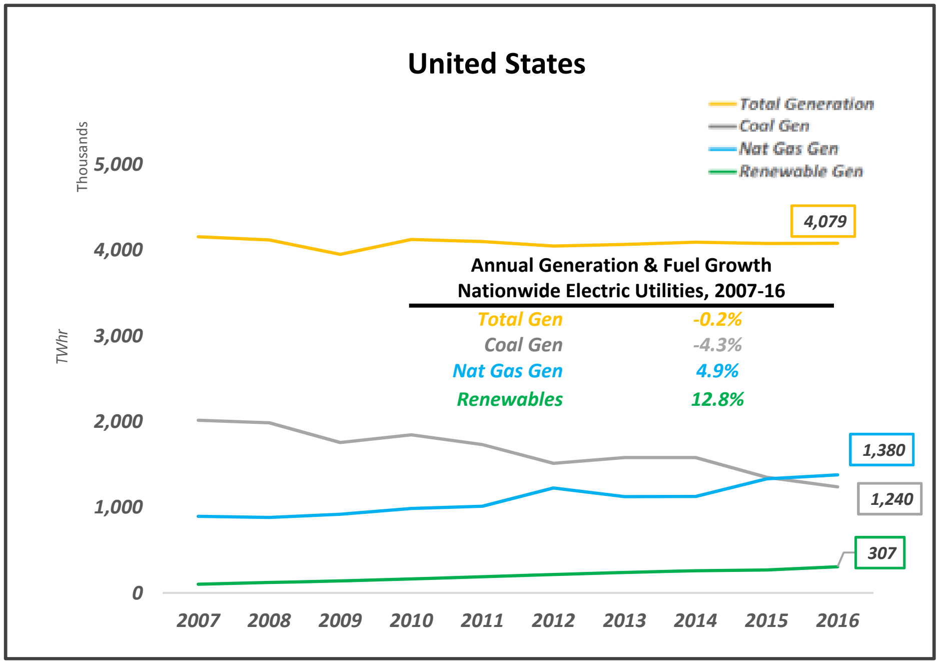
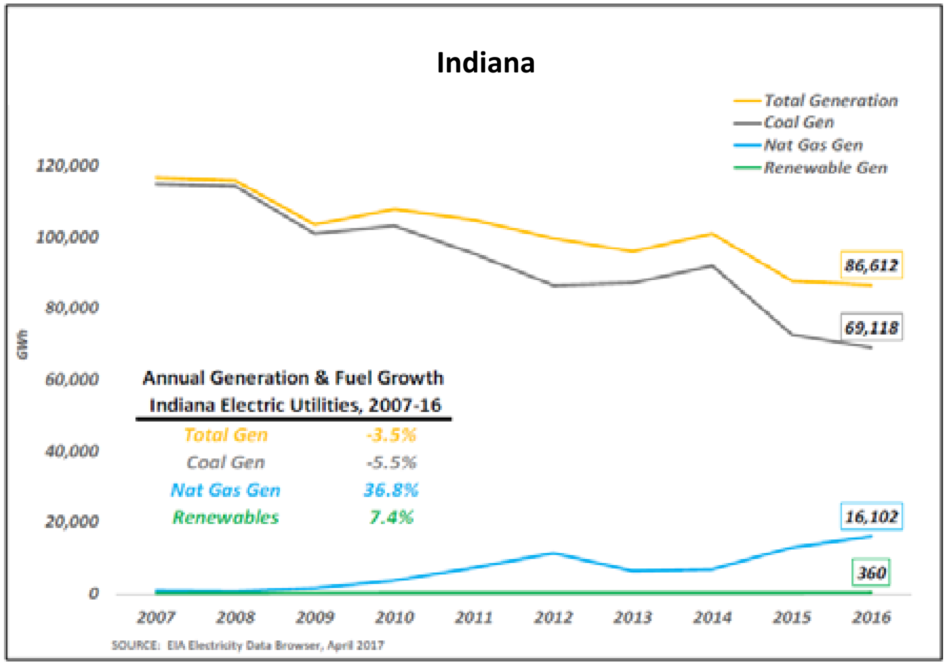
The Mix: Coal, Natural Gas and Renewables

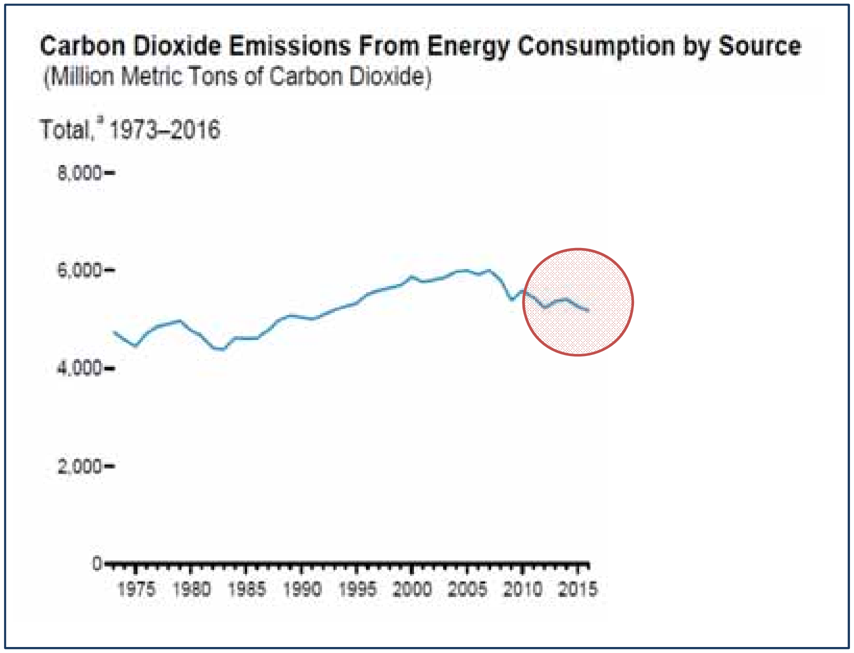


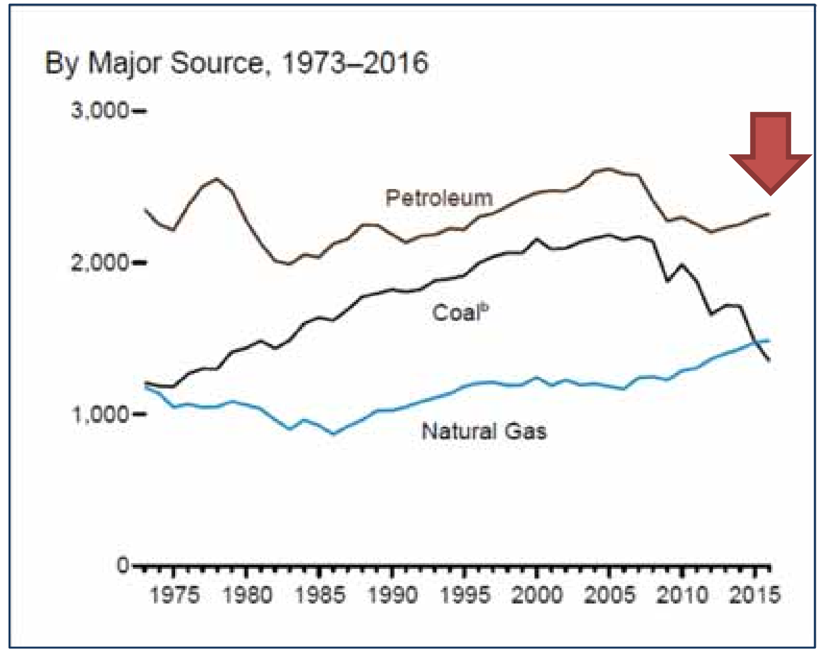


- **Precipitous drop in U.S. coal consumption**
- **IN supply mix has been impacted more dramatically**

Takeaway Alert! Gas is beating coal…

U.S. CO_2 Emissions





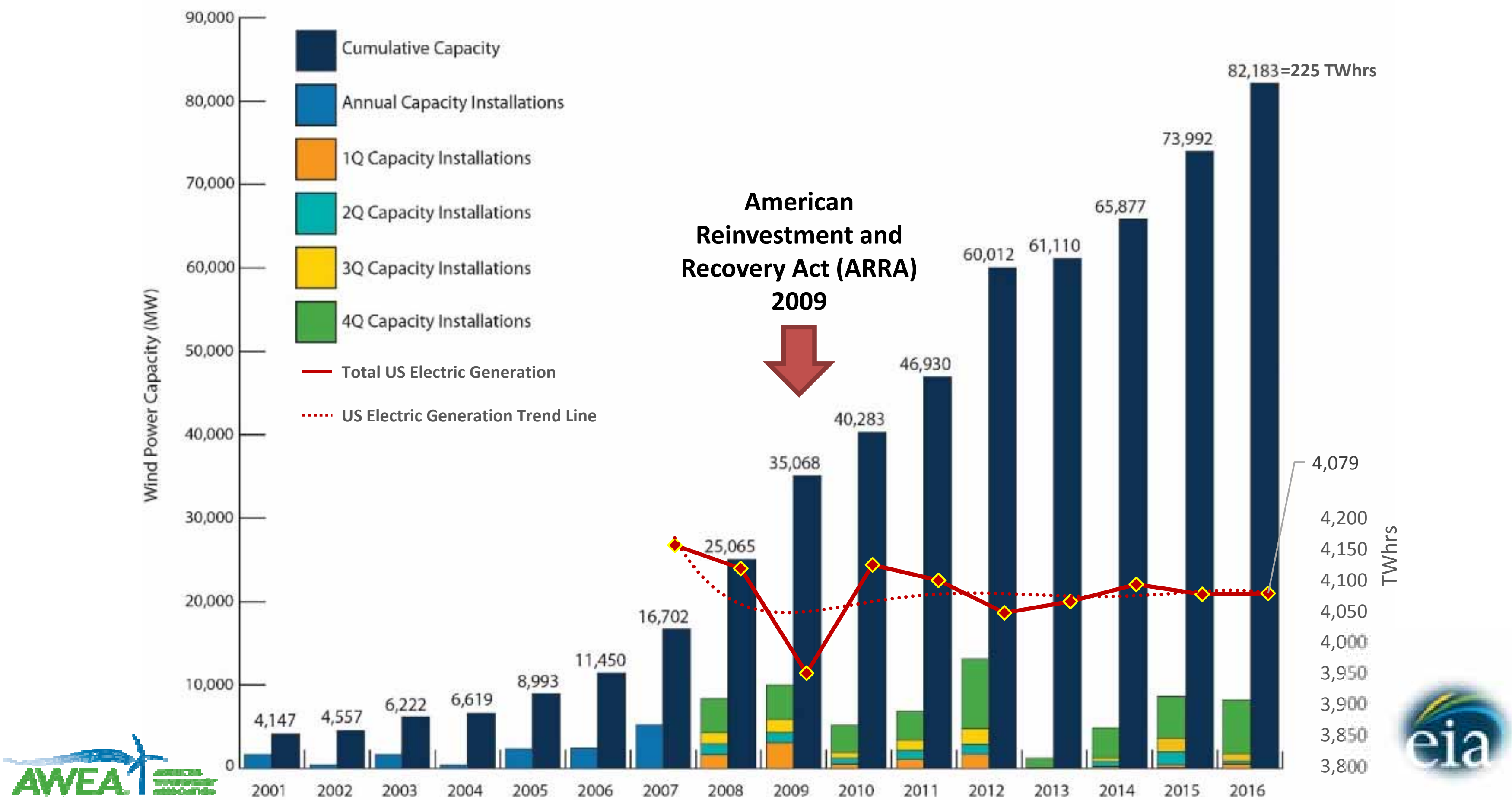
U.S. Energy Information Administration / Monthly Energy Review March 2017

U.S. Energy Information Administration / Monthly Energy Review March 2017

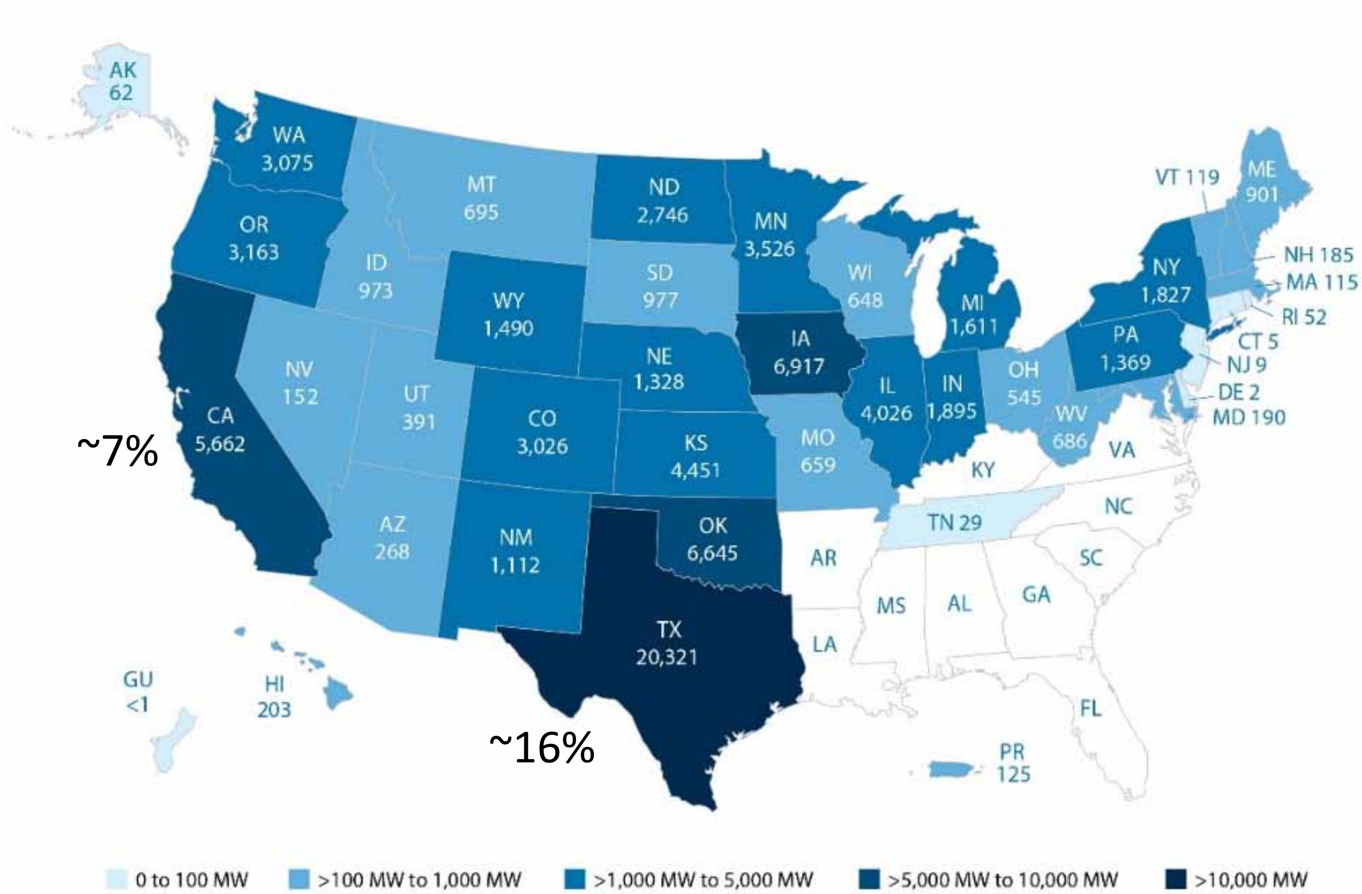
- **Total emissions are lower**
- **Emissions from Coal and Natural Gas significantly lower than Oil**

Takeaway Alert! CO_2 emissions from coal way down…

The Wind Story: Trend is not Coal's Friend



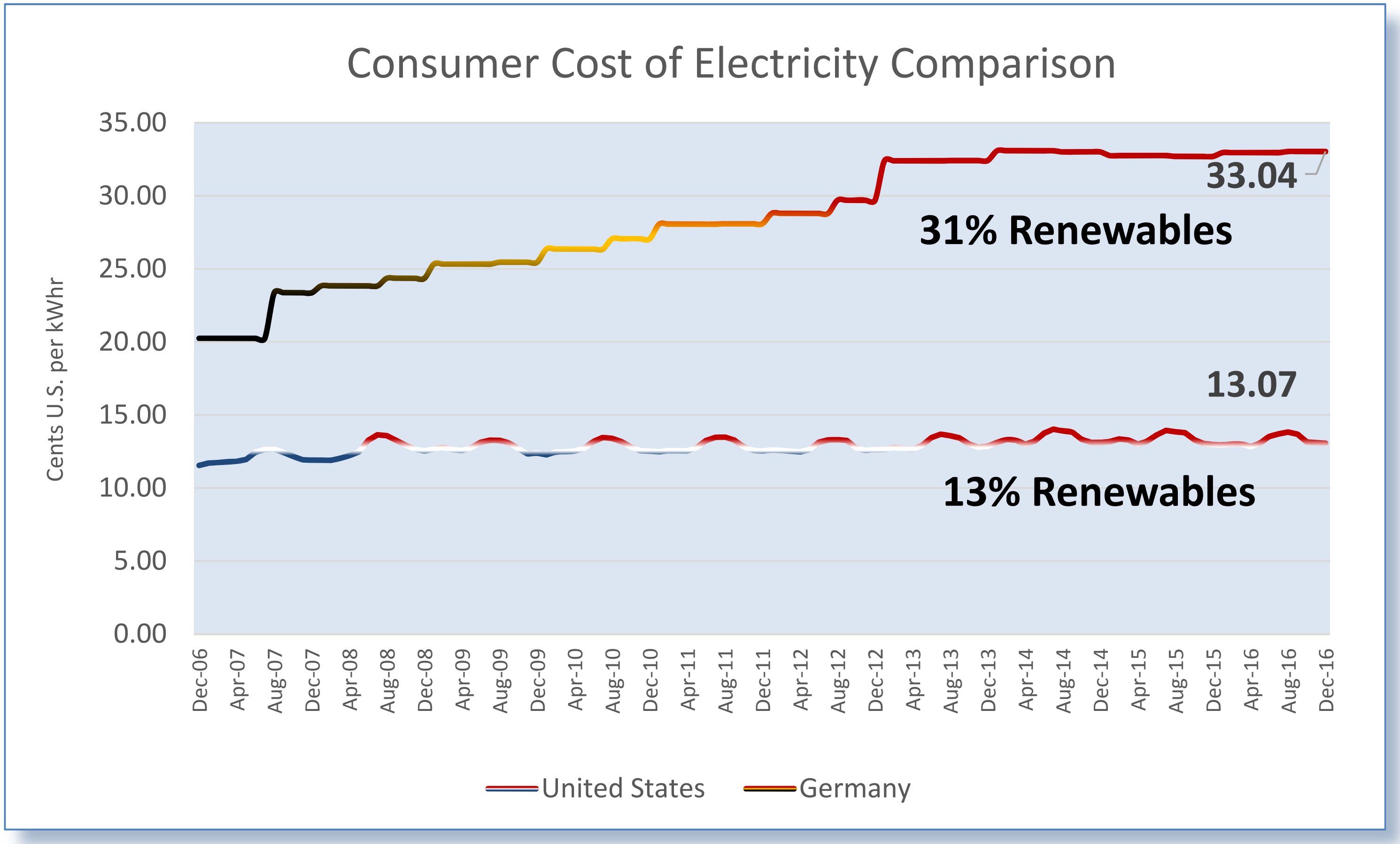
The Wind Story: US Wind Capacity Density



AWEA

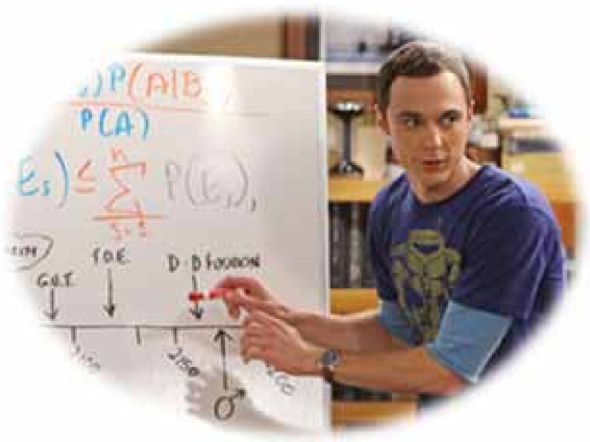
Takeaway Alert! Lots of wind in Texas…

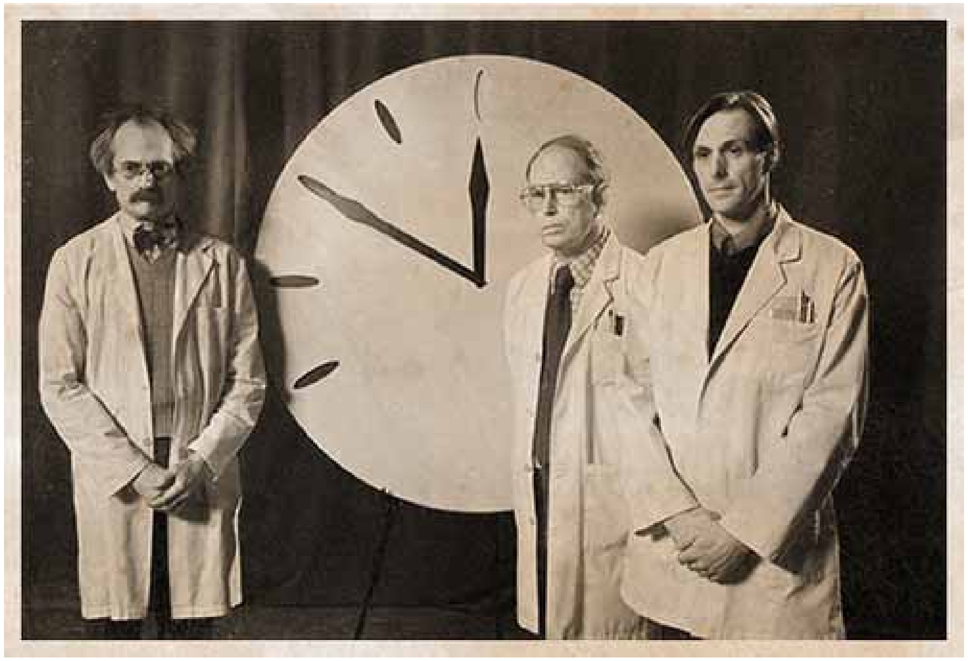
The German Story: Renewables are Costly



Takeaway Alert! Electric rates are not increasing…. Why?

The US Picture: Because, the Cost is Indirect



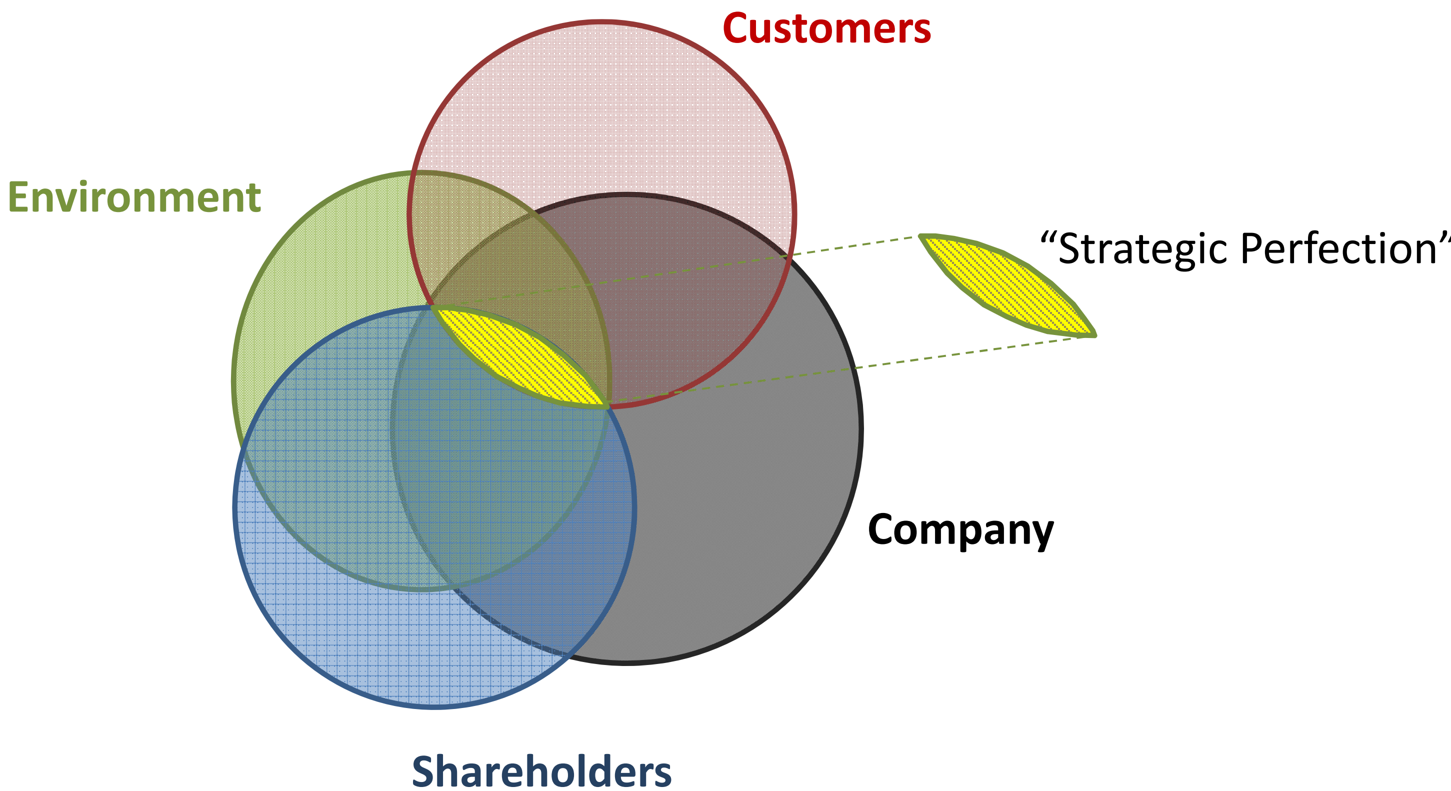


Tax Credits: Would you like to do the math (wind only)?

$$82{,}183\ MW\ x\ 31\%\ x\ 8{,}784\ hrs\ x\ \$23.00\ per\ MWhr = \$\mathbf{5,147,114,715}$$

Takeaway Alert! The cost buried in the national debt…..

Utility Perspective: Everything Venn



- 2 Top-tier customer satisfaction and brand perception
- 7 Sustained year-to-year 4%-6% EPS and dividend growth

Takeaway Alert! Stakeholders influence strategy

Utility Perspective: What "Strategic Perfection" sounds like

Working toward a lower carbon future by "modernizing and diversifying" its portfolio, including retiring older coal plants and building new natural gas plants and renewables.

"Our role as an energy provider is to serve our customers with safe, reliable and cost-competitive electricity generated in compliance with established environmental rules,"

"I hope it doesn't come out that renewables are to blame (for coal's demise),"……. "Wind is saving our customers money."

Takeaway Alert! Stakeholders influence strategy

Utility Perspective: The Bottom Line

- Environmental influences have increased spending
- Utilities must weigh competing forces
- Reliability is fundamental
- Provide cost competitive supply
- A balanced energy supply mix is prudent

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What have we got that’s good?

I’ll get back to you Gene

- The trends are not great
- Coal has been disadvantaged
- Environment drives a balanced mix
- Utilities answer to multiple stakeholders
- Incentives for Renewables
- Coal will be a smaller part of the mix