



ESTABLISHING A LEGACY OF SUSTAINED
ECONOMIC GROWTH, SOCIAL RESPONSIBILITY
AND ENVIRONMENTAL STEWARDSHIP



2014 SUSTAINABILITY REPORT

Employee Volunteer Hours

2013: ~10,000 | 2014: 12,000+

Charitable Giving

2013: \$6.2M | 2014: \$6.2M

New Jobs Added

2013: ~200 | 2014: 500+

Safety – OSHA DART Rate

2013: 0.79 | 2014: 0.76

Safety – OSHA Incidence Rate

2013: 1.74 | 2014: 1.25

Infrastructure Investment

2013: \$2.0B | 2014: \$2.2B

Diverse Supplier Spending

2013: \$~104M | 2014: \$~150M

Equity Market Value

2013: \$10.3B | 2014: \$13.4B

Net Revenues

2013: \$3.8B | 2014: \$4.2B

Shareholder Return*

2013: NiSource: 36% | Utility Average: 8.6%

2014: NiSource: 32% | Utility Average: 25.2%

Energy Efficiency: Customer Savings

2013: \$16M | 2014: \$16M

Renewable Electricity Generated by Customers

2013: 50,000 MWh

2014: 76,000 MWh

World's Most Ethical Company Award Recipient

2012 | 2013 | 2014 | 2015

Employee Engagement

2013: 79% | 2014: 79%

* Represents share price appreciation plus dividends.

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MEMBER OF

Dow Jones
Sustainability Indices

In Collaboration with RobecoSAM 

Disciplined Focus, Execution & Progress

On behalf of our Board of Directors and our nearly 9,000 employees, we are pleased to present NiSource's 2014 Sustainability Report. As you will see throughout this report, across nearly every measurable dimension, **2014 was a watershed year for NiSource.**

Our Teams enhanced our customer experience, continued investing in modern infrastructure at a record pace, placed in service significant environmental enhancements, maintained record levels of employee engagement and delivered shareholder returns that again outperformed the utility indices. We also continued our long-standing corporate giving program that supports non-profit organizations across our footprint. This year, we contributed approximately \$6.2 million and our employees volunteered more than 12,000 hours.

This focus on sustainability – shared equally across our customers, communities, the environment, employees and shareholders – is not new to NiSource. And it will continue as we pursue the separation of our pipeline, midstream and storage company into an independent, publicly traded company in mid-2015.

Our charge across all of these areas is to deliver positive business results while faithfully adhering to our core values and commitments. We are meeting this challenge – as we have so many others – in a disciplined fashion, with a strong emphasis on planning, collaborative stakeholder engagement, solid execution, and transparent measurement and reporting. This balanced, commonsense approach has served us well in the past, and it continues to be our hallmark moving forward.

One enhancement to our process in 2014 was collaboration with our stakeholders on a materiality survey, a key component to leading sustainability reporting. Surveying internal and external stakeholders on key sustainability issues will

help ensure that we are focusing on issues of importance to them, and that issues deemed material by our stakeholders are aligned with our business strategy and risks.

Those aspects that ranked highest in materiality to both internal and external stakeholders were no surprise and remain aligned with our business priorities and investments: **Employee Safety, Public Safety, Service Reliability and Emergency/Storm Response.** Other highly rated categories were Ethics and Transparency and Overall Customer Satisfaction.

We will use the results of the materiality survey to improve the focus of our reporting on those issues most important to our stakeholders.

As our employees demonstrate every day, **we are serious about establishing a legacy of sustained economic growth, social responsibility and environmental stewardship.** It is essential to our long-term aspiration, and a core part of our strategy to provide sustainable value for our stakeholders.

Thank you for your interest and continued support of NiSource.



Bob Skaggs
CEO
NiSource, Inc.



Joe Hamrock
Group CEO
NiSource Gas Distribution
Expected to become NiSource CEO on July 1, 2015

By creating two dynamic companies that can execute on distinct business strategies, we expect to further sharpen each company's customer-service focus and maintain strong levels of local employment and community involvement, thereby further positioning us to create immediate and long-term value.



NiSource & Columbia Pipeline Group

In September 2014, NiSource began pursuing a plan to separate its pipeline, midstream and storage business into an independent, publicly traded company. Endorsed by the Board of Directors, the plan will create NiSource and Columbia Pipeline Group – two companies aligned with the needs of customers, investors and other key stakeholders. And, we're pursuing this separation in a sustainable way.

Customers

We will maintain a strong level of customer service and the transition will have no negative impact on the services we deliver to our customers. In fact, the pure-play nature of the independent companies provides an opportunity to focus on the unique needs of our separate customer bases.

Employees

There are no planned or expected layoffs and no employees will be required to relocate. In fact, we will likely be adding jobs to support the corporate services function of the new Columbia Pipeline Group. And, to the greatest extent possible, we will replicate our current benefit programs with little or no changes.

Communities

We will retain our current headquarters locations and work locations will remain the same. We will continue an equivalent level – if not an enhanced level – of infrastructure investment, charitable support and community involvement.

Environmental

There will be no negative environmental impacts as a result of the separation and current environmental programs and policies will be replicated at both companies, as applicable.

Shareholders

The transaction is expected to be tax-free to NiSource and our shareholders, and the combined dividend of the two companies is expected to remain the same at separation and increase over time.

Additional information about the separation can be found in our Annual Report to Shareholders available on www.nisource.com.

Customer-Focused Energy Solutions

• 2015 Focus

Continue to improve our customers' experiences and service reliability through process and system improvements and infrastructure investments. Ensure transition to separate companies does not negatively affect our ability to serve customers.

• 2014 Scorecard

Provide and expand programs that help customers conserve energy and lower bills



Provide programs and assistance for low-income customers



Provide and expand clean energy access for customers



The core of NiSource's business is the delivery of safe, reliable and affordable energy to our customers. Each of our nearly 9,000 employees is focused on providing:

- Our nearly four million utility customers with simple, efficient interactions, modern infrastructure, and

programs to help them manage their energy use and lower their bills.

- Our pipeline and midstream customers with modern, flexible, responsive and strategically located assets and services to move gas affordably from production areas to market areas.

These commitments and focus areas not only strengthen our business, they strengthen our relationship with our customers, communities and other key stakeholders. These mutually beneficial relationships are an essential component of our long-term sustainability. In this section of our report, we highlight a few ways we're putting these commitments into action.

Reliability and Access Through Modern Infrastructure

In early 2014, much of the country was faced with historically low temperatures and harsh weather conditions. The Arctic blasts, ice storms and blizzards tested our employees, equipment and systems while highlighting the importance of a modern and reliable energy infrastructure. Our systems experienced record or near-record demand for natural gas and electricity – and delivered for our customers reliably and safely.

A key factor in this continued safe and reliable service is our record level of investments in more modern pipes, wires and systems.



For the fourth consecutive year, NiSource was one of 132 companies designated as one of the World's Most Ethical (WME) Companies by the Ethisphere Institute.

NiSource was again recognized for having a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company.



In 2014, this level of investment reached more than \$2.2 billion and spanned our entire operations.

- We're systematically replacing bare steel and uncoated pipelines with industry-leading coated steel or plastic pipelines, which improve reliability and safety, as well as reduce greenhouse gas emissions.
- We're updating our electric generating facilities with new systems and the latest environmental technology to improve air quality and reliability.
- We're replacing aging electric transformers, poles and wires with new equipment and adding new substations to improve customers' reliability and reduce outages.
- We're updating our customer meters and installing updated regulator and metering stations with new technology to improve measurement, maintain accurate billing, improve safety and reduce emissions.
- We're adding new interstate pipeline capacity to provide our core utility customers, as well as producers, liquefied natural gas (LNG) exporters and gas-fired electric generators, with affordable and flexible alternatives to move natural gas from producing areas to local markets.

Here are a few highlights of these programs in 2014, developed with input and collaboration from customers and other key stakeholders.

Columbia Pipeline Group (CPG) successfully executed the second year of its five-year, \$1.5 billion modernization program by placing 38 projects in service, including compressor station upgrades, new control systems and replacement of bare steel and wrought iron facilities. These investments resulted in increased reliability metrics, including the ability to successfully deliver natural gas supplies during some of the coldest days on record, and a reduction of approximately 10,000 metric tons of greenhouse gas emissions. The five-year program is part of a broader 10-15 year program that could exceed \$4 billion of investment.

Our gas utilities continued to steadily execute their long-term and growing inventory of infrastructure replacement and enhancement programs. **During the year, our crews replaced more than 330 miles of priority pipelines and invested nearly \$850 million on modernization and growth initiatives.** We also regularly advocate for the proactive replacement of aging energy infrastructure, and timely recovery of those investments, in the legislative and

regulatory arena. For example, Columbia Gas of Massachusetts (CMA) was part of the development of a new law that paves the way for sustained system modernization by providing timely investment recovery for replacement of aging cast iron and bare steel infrastructure. Similar types of programs that help improve safety and reliability for our customers exist across nearly all of our companies.

We also are advocating, creating and implementing new programs to provide more convenient and affordable access to natural gas for customers. An example of this is the Tap and Save new area service program approved in Columbia Gas of Pennsylvania's (CPA) service territory that will allow for system expansion to new customers with an option to pay for all or a portion of their line extension over a period of 20 years rather than paying the entire amount up front.

Meanwhile, NIPSCO began a seven-year, nearly \$2 billion electric and gas modernization program. The plan provides the recovery framework and stakeholder oversight to replace and build new gas transmission and distribution lines and to provide new gas service to customers in rural areas.

Enhancing the Customer Experience

As part of our customer commitment, NiSource companies are focused on providing simple and efficient interactions with customers through various initiatives to enhance satisfaction. We are continually reviewing business processes, customer feedback and other data to improve service and our customers' experience with us.

Some of the improvements implemented in 2014 are highlighted below.

In 2014, NiSource's Columbia Gas utilities established a new chief commercial and customer officer role and aligned various departments into a single customer experience organization. A similar initiative took place at our NIPSCO utility in prior years. Both groups will further consolidate in mid-2015.

This alignment is designed to better understand and improve the way customers interact with our companies, including service calls, stakeholder interactions, social media, websites, customer calls and emails. We can also share resources, services and best practices more effectively.

Other improvements include the creation of employee ambassador programs, which provide a framework and process for employees to get answers to utility customers' non-emergency questions. Based on customer feedback, we also improved payment processes to provide customers with more options for online and mobile payments.

NIPSCO also now provides customers with mobile alerts to keep customers updated during electric outages and provide payment reminders. We are evaluating the use of similar technology across all of our utilities.

CPG held its second annual CPG Executive Forum with counterparts from several different customer groups to provide an overview of the company's business strategy and its focus on building customer-focused energy solutions. CPG maintains open



Highest In Customer Satisfaction

Columbia Gas of Pennsylvania (CPA) ranked highest in customer satisfaction among midsize gas utilities in 2014 in the eastern United States by J.D. Power and Associates. CPA also achieved the highest score in five study factors including communications, billing

and payment, price, customer service and corporate citizenship. We also saw continued improvements in our J.D. Power rankings at nearly all of our other utility companies.

communication with customers through in-person group meetings, the CPG Customer Council and one-on-one customer visits. This open communication and feedback provides insight to enhance customers' trust, strengthen relationships and deliver value.

Customer feedback at our companies is tracked in a number of ways. My Energy Insights, online customer panels of residential customers, are helping Columbia Gas and NIPSCO better understand customers' needs and views on energy-related topics. Perception-based studies like the J.D. Power Quality Survey, and a third-party survey measure actual customer satisfaction. The third-party survey showed that in 2014, 87 percent of our utility customers said we met or exceeded their expectations in a recent interaction, consistent with results in prior years.

Assisting Customers – Energy Efficiency and Support Programs

As customers dealt with record cold temperatures during the 2014 polar vortices, **NiSource companies provided more than \$66 million in energy assistance programs to help those in need.** This total includes federal assistance offered through the Low-Income Energy Assistance Program.

In addition to the payment assistance programs, NiSource companies offered weatherization programs to reduce overall bills, rebates and special payment programs, and other initiatives to help customers experiencing financial hardships.

NiSource companies also offer customers energy efficiency programs to help them reduce their energy consumption and their overall utility bill. These programs also help reduce emissions. Programs include weatherization, energy audits, light bulb and thermostat replacement, appliance recycling, air conditioner cycling and energy efficiency installation rebates and **helped customers save approximately \$16 million in 2014.**

Across all customer classes, our customers reduced natural gas usage by more than 1.4 million cubic feet and electric consumption by 55,000 megawatt hours.

Energy Efficiency Program in Action

Linda Manor Extended Care, a member of Berkshire Healthcare Systems in Massachusetts, reviewed its energy usage in 2012 and began working with Columbia Gas of Massachusetts (CMA) to identify energy savings opportunities. A technical assessment ultimately resulted in heating equipment upgrades and ozone technology for the facility's laundry operations that lowered hot water usage and reduced line drying time.

CMA shared 50 percent toward the cost of the assessment, and provided \$30,000 in energy efficiency incentives to support approximately \$96,000 in energy updates. The upgrades are expected to save the facility approximately \$14,600 annually with an expected customer payback timeframe of less than five years.

CMA also worked with Linda Manor on a project at the facility's assisted living complex, providing an additional \$25,000 in incentives to upgrade water heating equipment, aerators and spray rinse valves.



Strong, Growing Communities

• 2015 Focus

Maintain our significant charitable giving program and deliver value to our communities through infrastructure investments and employee involvement.

• 2014 Scorecard

Execute on our investment-driven growth strategy by providing safe, reliable, clean and affordable energy, and creating job opportunities in the communities we serve



Partner with local agencies to enhance community vitality and growth through economic development and charitable giving programs



NiSource has a presence in hundreds of communities across 16 states, and we're investing in energy infrastructure at a historic pace. The communities we serve and live in play an important role in NiSource's overall sustainability program.

- Through our record infrastructure investments and modernization activities, we're keeping our communities safe, reducing greenhouse gas emissions and providing significant economic development opportunities, including job creation.
- Through our Corporate Foundation and charitable giving programs across our footprint, we're helping those in need, developing educational endeavors and supporting community development and safety.

Keeping Communities Safe

NiSource companies invested more than \$2 billion for

infrastructure projects in 2014, much of which was focused on pipeline integrity management initiatives, including the modernization and maintenance of our facilities and operations. **Our main focus, both in building new infrastructure and maintaining current, is the continued – and improved – safety and reliability of our systems and the ability to meet the needs of our customers.**

One such operational initiative includes an innovative partnership with Columbia Pipeline Group (CPG), General Electric (GE) Oil and Gas, and Accenture Alliance. Together the partnership is focused on elevating pipeline safety, asset integrity and operational efficiency. Called the Intelligent Pipeline Solution (IPS), it is a breakthrough application for the pipeline industry that will enable CPG, on a near real-time basis, to view the performance of pipeline assets and make optimum operating and planning decisions. Over the course of the next three years, the CPG team will work with partners from GE and Accenture to integrate data sources that will drive advanced capabilities for risk awareness and mitigation on CPG's pipeline system.

Ongoing Monitoring System

Similar to the advancements made with the IPS, a key part of the safety of our systems is constant monitoring – through computer systems, aerial monitoring and on-the-ground visual testing and inspections. One of our newest monitoring technologies is a new helicopter custom-fitted with the most advanced detection technology available, including:

- An infrared camera system
- Advanced leak detection system
- High resolution, geo-referenced digital cameras

Other similar technologies in place at our utilities include vehicle-mounted gas-detection technology as well as Segway scooters adapted for gas detection.



The Construction Kid

The benefits of NiSource's infrastructure investments are highlighted throughout this report, but one benefit was unexpected.

A pipeline replacement project in Pennsylvania inspired a young boy and his mother to self-publish a children's book – ***The Construction Kid***.

Grant Webb, 9, and his mother Jill Webb co-wrote the book, which is inspired by infrastructure investments in Sewickley, Pennsylvania.

"Every day Grant would go out with his safety vest, hard hat, ear plugs, clipboard and notes and watch the crews work," explained Jill. "He has always loved construction and would ask a lot of questions about the pipeline replacement process. The crews were always so patient and friendly explaining their work to Grant."

"The backhoe is my favorite part of construction because it's two machines in one – an excavator and a front loader. It's much harder to operate the controls of a backhoe than it appears," said Grant.

"The book is a work of fiction, but it is entirely inspired by Grant's view of the pipeline replacement work," said Jill. "We did change all of the names in the book, except John Johnston's name. John was the first Columbia Gas representative Grant talked to before the work began."

Construction Coordinator John Johnston talked to Grant often. "He is a very bright child who always had a lot of questions," said John. "He kept us on our toes. We were always glad to allow him to watch the digging and backhoe operation from a safe distance."

The Construction Kid: The Big Beginning is available on Barnes and Noble and Amazon websites, or can be purchased at the local Penguin Bookshop in Sewickley, Pennsylvania.



Educating Communities on Pipeline Safety

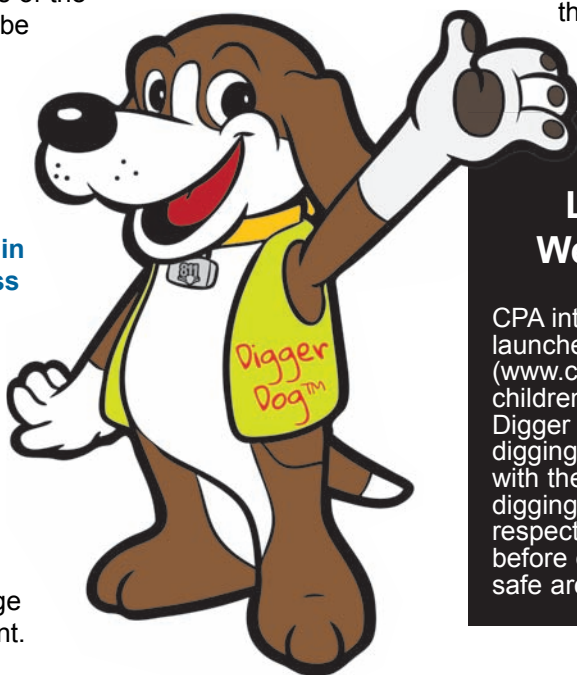
Part of our commitment to keep communities safe is ensuring the public understands how to remain safe around our facilities.

Nationwide, the number one cause of gas-related safety incidents is people digging into underground facilities. And, **one of the simplest ways to avoid such an incident is to dial the federally mandated “Call Before You Dig” number – 811 – to have underground utilities marked.**



NiSource companies invested more than \$2 million in public safety and awareness programs in 2014 to educate members of the public on how to be safe around pipelines. This includes education about calling 811.

Our investment in public awareness helps prevent incidents and ensures the public understands its role in helping prevent accidents that are caused by third-party damage and encroachment.



Giving Back to Our Communities

NiSource companies actively support organizations that are working to make a difference in the communities we serve. **In 2014, we donated approximately \$6.2 million to organizations across our service territory**, primarily in the areas of:

- Community vitality and development
- Public safety and human services
- Learning and science education
- Environmental and energy sustainability

NiSource also supports our employees' efforts to make a difference across our footprint, through foundation grants, charitable donations and through our Dollars for Doers program, which contributes to organizations for which our employees volunteer.

Employees logged more than 12,000 volunteer hours in 2014 through Dollars for Doers, resulting in nearly \$250,000 in contributions to local non-profit organizations.

Some of the giving back highlights from around NiSource include:

- NIPSCO employees are actively involved in determining the charitable focus for the year. More than 300 employees took part in a survey to choose NIPSCO's 2014 Charity of Choice. The 2014 Charity of Choice campaign

Columbia Gas of Pennsylvania Launches New Digger Dog Website

CPA introduced Digger Dog in 2013, and this year launched a website section featuring Digger Dog (www.columbiagaspa.com/digger-dog). Aimed at children as well as their teachers and parents, the Digger Dog site is designed to help spread safe digging and natural gas safety messages. Conceived with the goal of creating youth advocates for safe digging, Digger Dog teaches children of all ages to respect natural gas and understand that calling 811 before digging for any reason is the best way to stay safe around underground facilities.

surpassed its goal by more than 25 percent, raising more than \$100,000 for the Wounded Warrior Project and other veterans' organizations within NIPSCO's service territory. Starting in June and wrapping up at the end of September, different departments came together to host and participate in events, including a motorcycle ride, aimed at supporting local veterans.



- CPA and Columbia Gas of Maryland (CMD) partnered with volunteer fire departments to provide free combination carbon monoxide/smoke detectors to communities in their service territories. More than 1,100 detectors were distributed to customers in both states thanks to a \$45,000 NiSource Charitable Foundation grant to the emergency responders who work each day to keep communities safe.



- After nearly 30 years, the Appalachian Trail in Giles County, Virginia, is on permanently protected lands, thanks in part to Columbia Gas of Virginia (CGV) and CPG. A \$40,000 grant from CGV and CPG will

allow the Appalachian Trail Conservancy to complete this capstone trail project, which included rerouting a 2.5-mile section of the 2,185-mile footpath from private land to protected lands. With this action there are only a few short segments of the trail corridor not in public ownership.



- For the past 29 years, toys and gifts have lined the hallways of CPG's Charleston, West Virginia, office for the CPG Gas Control Toy Drive. Each year, CPG's gas control team partners with the Mustard Seed, a charitable organization, to coordinate delivering the toys to families in need and to make food baskets for senior citizens. This year, more than 350 local children and 100 local seniors received toys and food baskets from the drive. Employees from across CPG's footprint contribute to the drive through donations and hosting fundraisers of their own.



- In early 2015, Columbia Gas of Ohio (COH) helped the Red Cross launch Project Prepare, which is a two-year initiative to reach and teach 500,000 Ohioans to prepare for disasters such as fires, floods, storms and other emergency situations. This will include building home emergency kits, creating home emergency plans, and taking Red Cross emergency training.



Enabling Economic Development

Our infrastructure investments not only support public safety and reliability, but they also boost local economies through new jobs and increased tax revenues to local schools and communities. For example, CPG's Leach XPress project is a \$1.4 billion investment through 2018 in Ohio and West Virginia. The project will traverse 158 miles through the states and is expected to have significant economic and fiscal impacts for each state and sub region. This is just one of the projects that support our more than \$2 billion annual infrastructure program where similar economic effects are occurring.

Another way NiSource companies help grow communities is through partnering with state and local officials to create and support opportunities for development.

NIPSCO's economic development team partnered with state and local organizations in Indiana to attract new and expand current businesses, resulting in more than 450 new jobs in northern Indiana during the year.

COH worked with others across the state to help create and pass House Bill 319. This law will provide an opportunity for COH to enhance its economic development efforts and will assist the state in attracting companies and jobs. There were more than 400 economic development project leads in the Columbus region alone during 2014.

Leach XPress – Ohio and West Virginia Economic Impact

- **\$1.4B total investment**
- **5,600 jobs created or supported in peak year (2017)**
- **\$395M corresponding labor income**
- **\$50M state and local tax revenues**
- **\$41M estimated property taxes per year**

Safe, Skilled and Engaged Teams

• 2015 Focus

Continue pursuit of a zero-incident safety culture and development of programs to support an inclusive and diverse workforce. Ensure NiSource and Columbia Pipeline Group are positioned with the right resources to be successful as independent companies.

• 2014 Scorecard

Be an industry leader in employee safety



Create an environment of engaged employees who do their best work



Develop an industry-leading culture of inclusion and diversity



Spread across our operations are nearly 9,000 dedicated NiSource team members, working together every day to deliver safe and reliable service to our nearly four million customers. To support our current and future workforce, we're investing in development programs and cultivating a safety-first culture.

- Our safe driving programs are helping lower the number of accidents on the job and at home.
- Our overall safety programs, including a focus on slips, trips and falls – our most common injuries – are helping lower our overall incident rates.
- Our development programs for our current and future employees support a sustainable, inclusive and engaged workforce across the company and in our communities.

Improving Driving Skills

A focus on safe driving continued to be at the forefront of our safety strategy. NiSource employees drive nearly 70 million miles per year, and in 2014 our companies implemented technology to track and record employee driving habits in order to identify risks and provide coaching opportunities and improve behavior.

GreenRoad, used by our Columbia Gas utilities, provides real-time, in-vehicle feedback to help employees identify and improve certain driving behaviors. The device measures driving actions like speed, braking, cornering, lane handling, acceleration and seat belt use by using G-force sensors along with global positioning system data. If the sensors detect forces or speed that indicate elevated risk, the employee will receive an audible alert helping to focus the employee and allow for self-correction, and ultimately, lead to safer driving habits. The device also provides feedback to supervisors to help identify areas of risk and improvement, which can be used for future training and coaching.

NIPSCO began using the DriveCam system, a small, digital video event recorder that is mounted near the rear-view mirror. The recorder has two lenses: one facing forward toward the exterior of the vehicle and one facing the driver. The event recorder captures 12 seconds of video and audio when the system identifies a risky driving event. Risky driving includes hard braking, sudden acceleration, swerving, excessive speed or other actions that could potentially lead to a collision.

When the recorder is triggered, the footage is saved to the device and sent to DriveCam. If unsafe behavior is shown, the footage can then be used as a face-to-face coaching opportunity.



CPG employees were able to put their driving skills to the test – and improve on them – with a driving simulator set up by the Health, Safety and

Environmental team. While using the simulator, employees navigated through a city-inspired course and completed tasks such as merging, turning, accelerating and braking. After the simulated drive was completed, employees received a score sheet identifying missed items, such as “changed lanes without using turn signal.” The simulator helped employees gain experience and awareness of driving hazards without actually exposing them to risk.

In 2014, we lowered our Preventable Vehicle Accident rate from 2.16 to 1.91 thanks in part to the implementation of these efforts.

Targeted Safety Training

The NiSource-wide Safety Summit focuses on risk mitigation and the path to a zero incident safety culture. Leaders took away tools to develop and strengthen workplace safety pride and implementing driving telematics, as well as an increased focus on contractor safety across the company.

Safety successes were found in human improvement efforts by forming local safety committees, increasing awareness of safety concerns and offering regular safety updates and alerts. Our companies worked to instill accountability for safety in all employees and contractors.

The Human Performance Improvement Center at NIPSCO and the Health, Safety and Environmental teams across NiSource work every day to remind employees to keep safety as the top priority in all daily duties and activities – at home and on the job. **Through targeted training on slips, trips and falls, driving safety, office ergonomics, and the use of personal protective equipment, employees can take safety wherever their jobs take them.**

Another focus in 2014 was on hearing protection. At CPG, new employee orientation features a detailed session on hearing loss, early detection and testing to make sure the best fitting hearing devices are utilized, as well as establishing a baseline hearing level that can be utilized for the individual's entire employment. CPG also hired a full-time safety

Progress to Zero Incidents

| | OSHA Incidence Rate | DART Rate | Preventable Vehicle Accident Rate |
|-----------------------------------|---------------------|-----------|-----------------------------------|
| 2014 (Milestone/Actual) | 1.31/1.25 | 0.71/0.76 | 1.82/1.91 |
| 2013 (Milestone/Actual) | 1.74/1.42 | 0.86/0.79 | 2.07/2.16 |

See Data Tables for more information.

Safety Performance Recognized

- CPA, Columbia Gas of Kentucky and CPG were awarded 2013 Safety Achievement Awards by the American Gas Association (AGA). These awards are given to AGA member companies with the lowest injury rates.
- The Energy Association of Pennsylvania (EAP) recognized CPA for outstanding safety performance in three categories – the Safety Achievement Award, the Safety Improvement Award and the Safety Sustainability Award in recognition of its record low, improving, and sustained low incidence rate.
- The Northwest Indiana Business Round Table and the Construction Advancement Foundation recognized NIPSCO in May 2014 with the Owner Excellence in Leadership Safety Award. This achievement was directly attributed to NIPSCO's Contractor Safety Management Program.
- NIPSCO earned the R.D. Koselke Safety Award at the 2014 Indiana Energy Association Energy Conference. The award is presented to companies with the lowest annual DART (Days Away, Restricted, Transfer) rate.

coordinator to help address office ergonomics and safety. The goal is to prevent back strain and eye fatigue, and promote general health among employees.

Enabling the Next Generation Workforce

In 2014, NIPSCO helped create the NIPSCO Energy Academy – a partnership between NIPSCO and the LaPorte County Career and Technical Education program. **The academy aims to prepare northwest Indiana students for high-demand jobs in the electronics, energy and utility industries.** It is the only initiative of its kind in Indiana. Funding for the project was made possible by the NiSource Charitable Foundation, which committed \$100,000 over three years to provide necessary training and equipment.

Students will earn dual college credits for Energy Academy courses provided through Ivy Tech Community College. Students also earn professional certifications through the Center for Energy Workforce Development and the National Center for Construction Education and Research. NIPSCO will support the academy through mentors, internships, speakers, field trips and curricular guidance.

In early 2015, Governor Mike Pence announced that the Indiana General Assembly approved nearly \$224,000 to support the Energy Academy. The donation was awarded as part of the 2015 Innovative Career and Technical Education grant program that is designed to support new learning opportunities that

involve collaboration between local business and education partners.

The Columbia Gas Engineering and Construction Co-Op Program celebrated its first two college students becoming full-time employees in December 2014. Morgan Siedel is now an associate field engineer at CVA after a four-semester co-op experience at COH in Toledo, Ohio. Matt Morehart is now a construction leader with COH. He learned about the co-op program while at Bowling Green State University studying construction management. **The program combines students' classroom knowledge with real-world experience. This allows new graduates to hit the ground running if they become a full-time employee after graduation – benefitting the company and the students.**

Training: Supporting the Separation

New training courses were offered to support the organization through the planned separation of NiSource and CPG, including Successfully Navigating Transition, Maintaining Engagement During Transition and Facilitating Change During Transition. These courses provide leaders with tools to support their teams, guide employees through the change and continue to execute on business objectives during the transition months.

NiSource also began a work-study program with Cristo Rey Columbus (Ohio) High School in September 2014. The program involves four students working in the COH commercial and operations groups. The mission of the program is to provide high-quality employment experiences for both the students



and business sponsors of Cristo Rey Columbus. The program is designed to enhance the education of local students and supply funding to cover a major portion of the school's costs. Along with benefiting the students, the program has allowed NiSource employees to engage and mentor the students to help develop tomorrow's leaders.

Building Internal Capabilities

Leadership development programs for current employees at NiSource were a continued focus through 2014. Nearly 2,400 employees whom completed courses in 2014. More than 27 instructor-led courses were offered last year. Seven of those classes were new in 2014, including:

1. Building Winning Partnerships
2. Coaching for Peak Performance
3. Setting Goals and Reviewing Results
4. Delegating for Shared Success
5. Influencing Across the Matrix
6. Making Change Last
7. Building a Culture of Accountability and Execution

NiSource also offers a library of nearly 70 courses on our computer-based Learning Management System.

In addition to the above leadership development programs, formal Project Management training continues to be offered by the company. The training serves as an effective way to teach employees to improve performance outcomes, risk management, and ultimately, serve customers and shareholders. **In 2014, 59 employees attended the Project Management Curriculum and seven employees achieved the Project Management Professional Certification.**

Throughout the curriculum, employees learn the integral parts of planning, executing, monitoring and controlling a project. The training develops an understanding of the Project Management Institute's standards for Project Management Body of Knowledge and its application across the company.

Employee Engagement Remains Strong

Each year, NiSource employees share their opinions about their workplace through an employee engagement survey. The confidential survey gathers employee feedback through a series of questions focused on development and growth, involvement and inclusion, communication and coaching, recognition and rewards, and execution and results. Results are analyzed and used to identify areas for improvement and drive change throughout the company.

The overall NiSource favorability score (showing how much people agreed or agreed strongly with key engagement items) was 78 percent. More than 93 percent of employees participated in the employee engagement survey. Safety remains our highest-rated item, topping all items with 92 percent agreement. Nine in 10 employees indicated they wanted to continue to work for NiSource, well above the norm for high-performing companies, and eight in 10 would recommend NiSource as a great place to work.

NiSource continues to be designated a High Performance Organization by TNS Employee Insights, a national leader in employee research and consulting and manager of NiSource's annual employee engagement survey. This designation indicates that NiSource's employee engagement survey results reflect above-average favorability and improvement.

Best Place to Work

COH/NiSource ranked third as a Best Place to Work in central Ohio in the large company category. Sponsored by *Business First of Columbus*, the program aims to recognize the most employee-friendly companies in the region.

Introduce a Girl to Engineering Day

What is the most efficient way to transport a table tennis ball down a zip line? A zip line hang glider of course! But, not just any zip line hang glider.

The girls who attended Introduce a Girl to Engineering Day at NiSource's Indiana headquarters found out that there are many ways to construct such a device. DAWN, NiSource's female Employee Resource Group, sponsored the event for the third year.

Read more about this event in **NiSource's 2014 Inclusion & Diversity Supplement**.



Environmental Stewardship

• 2015 Focus

Achieve a 100 percent scrubbed coal generation fleet and continue greenhouse gas reduction efforts through investments in new infrastructure.

• 2014 Scorecard

Build and maintain a modern and clean energy infrastructure



Reduce our environmental footprint through pollution prevention and reduction programs



Implement innovative environmental conservation approaches



As an energy company involved in the natural gas and electric industries, environmental stewardship is a critical component of our day-to-day operations. Our investment in this sustainability dimension is significant and designed to ensure the sustainable operations of our company and the communities we serve.

- Our investments in our electric generating facilities are significantly reducing sulfur dioxide emissions, lowering particulate emissions and improving water quality.
- Our natural gas pipeline investments are lowering greenhouse gas emissions through the use of state-of-the-art materials and practices.
- Our Habitat Conservation Plan and other initiatives are helping ensure we're protecting and enhancing the environment in industry-leading ways.

Reducing Greenhouse Gas Emissions

Since its adoption by the NiSource Board of Directors' Environmental Safety and Sustainability Committee in 2009, the NiSource Climate Change Policy has directed NiSource to increase efficiency and reduce the carbon intensity of our operations, including reducing methane losses from natural gas operations and producing and obtaining electricity from sources with lower carbon intensity.

As part of our long-term business strategy, NiSource is investing nearly \$2 billion per year in infrastructure enhancements, including nearly \$50 billion in long-term system modernization and growth programs spanning the next several decades. **These modernization upgrades are resulting in a reduction of greenhouse gas (GHG) fugitive emissions from the replaced natural gas pipe by as much as 99 percent.** Combustion equipment upgrades are resulting in an emission reduction from the replaced equipment by as much as 35 percent.

In total, our gas distribution modernization program is expected to reduce our CO₂e (carbon dioxide equivalent) by 23,000 metric tons per year through 2019, which would result in a post-2019 cumulative emission reduction of approximately 160,000 metric tons annually. In addition, our currently outlined CPG gas transmission pipeline system and natural gas compressor modernization programs will reduce CO₂e emissions by approximately 48,000 metric tons per year.

In parallel with making investments that reduce our environmental footprint, NiSource continues to help our customers reduce their own environmental footprint.

In 2014, CPG entered an agreement with American Electric Power (AEP) to provide natural gas to Kentucky Power's Big Sandy power plant. The Big Sandy plant will convert an existing coal-fired unit to a gas-fired unit to reduce emissions and meet more stringent environmental regulations.

CPA recently completed a similar project, but on a much smaller scale, to support Pennsylvania State

Company of the Year

For the second year in a row, Columbia Midstream Group was named the Northeast Oil and Gas Company of the Year. These awards serve as a platform for the oil and gas industry to demonstrate and celebrate advances made in the key areas of environmental stewardship, efficiency, innovation, corporate social responsibility and health and safety.



University's coal-to-gas conversion of the university's west campus steam plant. The university expects this conversion to reduce greenhouse gas emissions by 37 percent and help the facility meet new federal emission standards.

At NIPSCO, we're continuing three popular customer programs that encourage the use of renewable resources. These include the Feed-In Tariff, Net Metering and Green Power programs. The Green Power program allows electric customers to pay a premium, approximately \$2 per month for the average home, and designate 25, 50 or 100 percent of their monthly electric usage to be attributed to renewable energy sources. Nearly 940 homes and businesses are enrolled in the program. **The Feed-In Tariff and Net Metering programs promote renewable electric generation by allowing customers to generate their own electricity via renewable resources. In 2014, these programs generated approximately 76,000 megawatt hours via renewable resources.**

All these efforts build on NiSource's strong track record of environmental commitment and performance. In fact, between 1993 and 2012, NiSource achieved a cumulative reduction of 25 million metric tons of CO₂e across our corporation. This includes emission reductions at our electric utility in Indiana where over the course of several years we replaced a coal-burning facility with a natural gas-burning facility. These reductions had the same annual environmental benefit as planting 75 million new acres of forest or taking more than 19 million cars off the road.

As regulation of existing power plants continues to evolve, NiSource is actively engaged in the rulemaking process and closely following all related activities. We support appropriately crafted federal legislation on climate change reflecting a balanced approach that considers available commercial technologies and cost increases to our customers, and recognizes the environmental benefits of natural gas.

A detailed history of NiSource's GHG emissions management and reporting can be found in the NiSource Greenhouse Gas Report, available online at www.nisource.com.

Sulfur Dioxide Emission Reduction

One of our largest investments is the clean-air installations taking place at NIPSCO coal-fired electric generation facilities in northern Indiana, where we are investing more than \$850 million in our facilities to reduce air emissions. These investments allow NIPSCO to continue generating electricity using low-cost, reliable and efficient

facilities, while improving air quality. In addition to these significant benefits, the investment creates local jobs and related economic development.

Our largest investment is the construction of Flue Gas Desulfurization (FGD) equipment, also called scrubbers, at our R.M. Schahfer Generating Station. The scrubbers use state-of-the-art technology to remove sulfur dioxide from emissions resulting from the generation of electricity. The first scrubber unit was placed into service in late 2013 and the second unit came online at the end of 2014. A similar FGD project, already under way at our Michigan City Generating Station, includes the installation of a fabric filter bag house for collecting scrubber byproducts and particulate emissions.

The scrubbers will reduce sulfur dioxide emissions from those units by 90 to 99 percent. In addition to reducing sulfur dioxide emissions, the Michigan City installation will reduce particulates, acid gases and mercury emissions from the flue gas.

Included in NiSource's overall environmental investment, the company's electric generation facilities are installing additional pollution control equipment aimed at achieving further reductions in mercury and particulate emissions to comply with the EPA's Mercury and Air Toxics Standards (MATS). NIPSCO acted as a pioneer in the utilization of the new emission monitoring technologies for continuous measurement of mercury and particulate matter in boiler flue gas. **Once these projects are complete, NIPSCO's coal-generating fleet will be fully scrubbed, and one of the cleanest in the country.**

Reducing Water Consumption, Preserving Quality

While NiSource operates in an area with abundant fresh water resources, we recognize the need to be good stewards of water in our region, and continue to invest in and to improve water quality. A particular focus area is northern Indiana where our use of water (electric generation) is the highest among our operating areas. NIPSCO continues to identify and

implement new technology that ensures environmental compliance and the preservation of this vital resource for the surrounding community. **NIPSCO returns more than 92 percent of water to surface water bodies used for electric generation.**

Each of the NIPSCO coal-fired generating stations has a comprehensive mercury pollution prevention and minimization plan in place that has resulted in a reduction in mercury discharges to the water. In 2014, NIPSCO completed a \$25 million state-of-the-art wastewater treatment plant with advanced mercury controls. **The treatment plant at the R.M. Schahfer Generating Station will improve water quality in the Kankakee River and manage wastewater streams from pollution-control equipment.**

NIPSCO's dry FGD at its Michigan City plant will not only reduce air pollution, but also protect water quality. A dry scrubber, less common than the wet scrubber, virtually eliminates the use of water resources – in this case – Lake Michigan. Additionally, the dry FGD will remove a significant amount of mercury air emissions. **The additional controls will reduce total mercury emissions by well over 90 percent as compared to the levels of mercury found in the coal.** The installation of these controls may help with the overall effort to lower atmospheric deposition of mercury from multiple sources, including coal-fired power plants.



The scrubber at NIPSCO's R.M. Schahfer Generating Station was completed in December 2014.

Environmental Excellence

The Southern Gas Association (SGA) presented the Chairman's Award for Environmental Excellence to Columbia Pipeline Group in honor of the comprehensive work displayed with its Habitat Conservation Plan (HCP). The HCP is designed to streamline compliance with the Endangered Species Act (ESA), while enhancing species conservation using a single comprehensive environmental plan across the company's multi-state natural gas pipeline network. Not issued since 2008, the Chairman's Award for Environmental Excellence is awarded based on recommendations of the group's environmental committee.

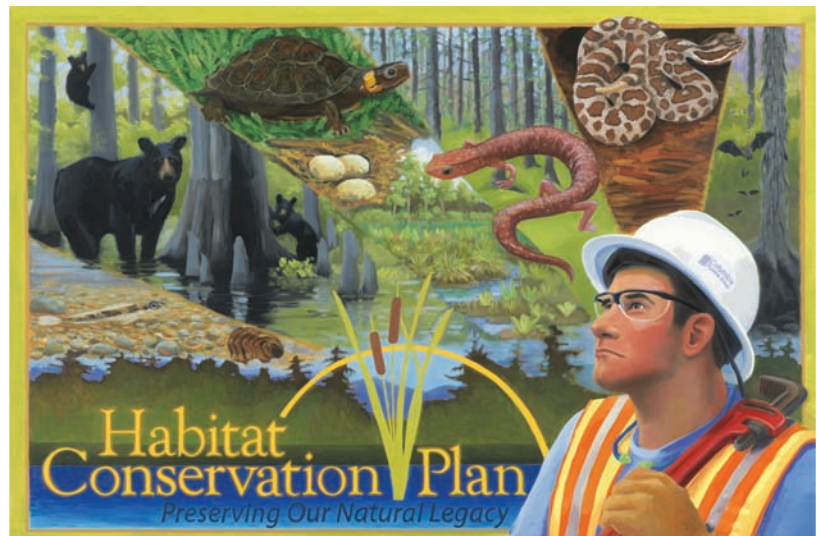


Habitat Conservation – First-Year Results

NiSource introduced its Habitat Conservation Plan (HCP) in 2014. An HCP is an effective way for some companies – like natural gas pipeline companies – to proactively comply with the Endangered Species Act (ESA) while continuing a normal course of business. Our HCP is designed to streamline compliance with the ESA while enhancing species conservation using a single comprehensive environmental plan across the company's 14-state natural gas pipeline network.

The first year of implementation consisted of various training sessions held with cooperating agencies and other stakeholders affected by the HCP. CPG engaged in ongoing discussions with the United States Fish and Wildlife Service (USFWS) and other federal partners to ensure seamless execution on our commitment to conservation.

The HCP includes a detailed monitoring, reporting and adaptive management protocol that is in place for the 50-year life of the permit. CPG reported on biological impacts incurred during 2014 to the USFWS. Project impacts in 2014 were a total of approximately 1,500 acres, which resulted in over \$58,000 worth of mitigation paid in 2015. CPG will work with our mitigation panel to identify and select mitigation projects that align with the conservation goals of the HCP and provide value to our stakeholders.



Shareholder Value

- **2015 Focus**

Continue to build shareholder value with long-term investment visibility and set up both NiSource and Columbia Pipeline Group for success as independent companies with investment-grade credit profiles.

- **2014 Scorecard**

Be a leader in consistent and stable earnings growth



Be an industry leader in modernizing our infrastructure to provide safe, reliable, clean and affordable energy



Maintain industry-leading ethics practices and transparent public reporting



Full details of NiSource's commitment to building shareholder value – an integral part of our sustainability strategy – can be found in our Annual Report to Shareholders on www.nisource.com.



Shareholder Return Leader

The Edison Electric Institute (EEI) recognized NiSource with its Index Award, which is given to companies that demonstrate long-term financial achievement. Over a five-year period ending September 30, 2014, NiSource delivered 262 percent total shareholder return, which led the index (large cap) and exceeded the runner up by nearly 100 percent.



Data Tables

Environmental Stewardship

| Ash/Gypsum – Tons Generated Fuel Supply | | | | | |
|---|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Fly Ash | 314,100 | 293,898 | 228,130 | 276,314 | 271,102 |
| Bottom Ash | 188,887 | 198,732 | 146,239 | 175,893 | 188,231 |
| Gypsum | 421,479 | 314,321 | 338,317 | 456,254 | 469,023 |

| Ash/Gypsum – Reused or Recycled | | | | | |
|---|--------|--------|--------|--------|--------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Fly Ash | 33.35% | 34.36% | 36.80% | 21.43% | 18.81% |
| Bottom Ash | 100% | 100% | 100% | 100% | 100% |
| Gypsum | 99.29% | 99.36% | 100% | 100% | 100% |
| Combined | 77.03% | 75.84% | 79.77% | 76.10% | 76.28% |
| Industry Average of Beneficial Use of Byproducts: 37% Source: EPA http://www.epa.gov/wastes/nonhaz/industrial/special/fossil/ccr-rule/ccrfaq.htm | | | | | |

| NIPSCO Carbon Intensity | | | | | | |
|-------------------------|---------------|---------|---------|---------|---------|--------|
| | 2001 Baseline | 2010 | 2011 | 2012 | 2013 | 2014 |
| Lbs. of GHG per MWh | 2,411.4 | 2,181.4 | 2,082.0 | 1,960.0 | 2,094.0 | 2070.1 |

| Nitrogen Oxide Emissions - CPG | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Lbs. NOx/ Horsepower Hours | 0.0133 | 0.0133 | 0.0162 | 0.0154 | 0.0141 |

| Key Performance Indicators | | | | | |
|---|---------|---------|---------|---------|---------|
| Electric Generation | 2010 | 2011 | 2012 | 2013 | 2014 |
| SO ₂ Emission Rate (Lbs/MWh net) | 5.93 | 4.60 | 4.27 | 4.15 | 3.47 |
| CO ₂ Emission Rate (Lbs/MWh net) | 2,181 | 2,082 | 2,089 | 2,231 | 2,205 |
| NOx Emission Rate (Lbs/MWh net) | 1.76 | 1.41 | 1.32 | 1.4 | 1.38 |
| Lead Emissions Rate (Lbs/MWh net) | 0.00002 | 0.00002 | 0.00002 | 0.00001 | 0.0001 |
| Mercury Emissions Rate (Lbs/MWh net) | | 0.00004 | 0.00002 | 0.00002 | 0.00002 |
| Volatile Organic Compounds (Lbs/MWh net) | 0.0479 | 0.0472 | 0.0433 | 0.0385 | 0.0456 |
| Particulate Matter Emissions (Lbs/MWh net) | 0.5397 | 0.5090 | 0.3937 | 0.3821 | 0.2393 |

| Agency Actions | | | | | |
|--|---|---|---|---|----|
| # of Agency Actions (NOVs) | 7 | 5 | 9 | 2 | 5* |
| * NiSource companies received 5 minor notices of violation (NOVs) related to air, water, and waste during 2014. There were no fines associated with these notices. In addition, there are 27 NOVs related to CPG natural resource permitting, resulting in \$6,000 in fines for the year. The NOVs were minor in nature and were immediately resolved. | | | | | |

Data Tables

| Direct and Indirect GHG Emissions (In CO ₂ eq Tonnes) | | | | | | |
|--|---------------|------------|------------|------------|------------|------------|
| | 2001 Baseline | 2010 | 2011 | 2012 | 2013 | 2014 |
| CPG Combustion | 2,032,649 | 1,467,803 | 1,279,304 | 1,005,920 | 901,820 | 944,441 |
| CPG Fugitive & Vented* | 3,954,557 | 3,473,055 | 2,357,960 | 2,738,252 | 2,402,166 | 2,304,818 |
| Gas Distribution - Includes Combustion, Vented and Fugitive and LNG/LPG | 1,498,862 | 1,287,271 | 1,268,920 | 1,271,720 | 1,411,288 | 1,373,306 |
| Electric Generation | 17,599,959 | 16,110,206 | 15,340,748 | 12,681,846 | 14,426,984 | 14,837,074 |
| Purchased Power - Increase Over Baseline Due to Ceased Operations at DHMGS | 362,773 | 1,206,705 | 1,577,737 | 2,900,331 | 2,567,493 | 2,676,496 |
| SF ₆ Emissions | 125,593 | 29,877 | 39,255 | 17,657 | 3,982 | 44,215 |
| Mobile Emissions | 24,071 | 36,790 | 37,956 | 43,119 | 45,362 | 48,108 |
| Building Energy - Natural Gas Heating*** | - | - | 16,876 | 15,949 | 15,659 | 15,788 |
| Indirect** | 130,564 | 100,210 | 186,448 | 206,265 | 246,257 | 173,236 |
| Total | 25,729,028 | 23,711,917 | 22,105,204 | 20,881,059 | 22,021,011 | 22,417,482 |

* 2011 value decreased through use of more accurate emission factors for M&R stations valves, pipeline and components.

** 2011 value increased due to improved emission factors and the inclusion of electric compression data.

*** New category to accurately identify natural gas combusted for building heating as a direct GHG emission. Previously coupled with building energy electric and other indirect GHG emissions identified in the Indirect Emissions Category.

Data Tables

| Direct GHG Emissions by Category | | | | | | |
|--|---------------|--------|--------|--------|--------|--------|
| | 2001 Baseline | 2010 | 2011 | 2012 | 2013 | 2014 |
| Electrical Intensity (tonnes CO ₂ e per MWh) | 1.10 | 0.9895 | 0.9444 | 0.8891 | 0.9498 | 0.9390 |
| Tonnes/Mile of Pipe Gas Transmission Fugitive & Vented* | 255.7 | 239.3 | 163.8 | 191.1 | 179.14 | 167.37 |
| Tonnes/Mile of Pipe - Gas Distribution | 27.7 | 25.0 | 23.7 | 23.6 | 26.4 | 25.7 |
| Tonnes/MMBHP HR Gas Transmission (Combustion) | 588.8 | 523.9 | 535.2 | 517.9 | 501.38 | 513.45 |
| * 2011 decrease through use of Subpart W methodology and field measurements replacing emission factors for some storage and transmission stations. | | | | | | |

| Indirect GHG Emissions by Business Unit (Tonnes CO ₂ e) | | | |
|--|-----------|-----------|-----------|
| | 2012 | 2013 | 2014 |
| Columbia Pipeline Group | 164,901.3 | 207,422.0 | 135,185.9 |
| Natural Gas Distribution Operations | 72,529.8 | 72,976.0 | 74,850.7 |
| NIPSCO | 27,901.3 | 26,880.0 | 27,095.1 |
| Total | 265,332.5 | 307,278.0 | 237,131.7 |

| Waste | | | | | | | | |
|---|-----------|------------|-------|------------|-----------|------------|--------|------------|
| Total Weight (in Tons) of Waste by Type of Disposal Method – Excluding Coal Combustion Byproducts and MGP Legacy Site Remediation Waste | | | | | | | | |
| Source: Waste Contractor | | | | | | | | |
| | 2013 | | | | 2014 | | | |
| | Hazardous | Non-Hazard | Total | % of Total | Hazardous | Non-Hazard | Total | % of Total |
| Treatment | 35 | 3,550 | 3,585 | 37.4% | 110 | 3,843 | 3,953 | 31.1% |
| Landfill | 365 | 2,078 | 2,442 | 25.5% | 67 | 5,849 | 5,916 | 46.6% |
| Recycled (Non-Trash) | 0 | 3,029 | 3,029 | 31.6% | 0 | 2,498 | 2,498 | 19.7% |
| Reuse (Fuels, Oil Marker) | 165 | 252 | 418 | 4.4% | 43 | 243 | 286 | 2.3% |
| Injection | 0 | 5 | 5 | 0.0% | 0 | 0 | 0 | 0.0% |
| Incineration | 93 | 18 | 111 | 1.2% | 39 | 13 | 51 | 0.4% |
| Totals | 657 | 8,931 | 9,589 | 100.0% | 258 | 12,446 | 12,704 | 100.0% |
| | Recycled | Landfilled | Total | % Recycled | Recycled | Landfilled | Total | % Recycled |
| Estimated Trash/Municipal Waste | 568 | 8,169 | 8,737 | 6.5% | 801 | 10,420 | 11,221 | 7.1% |

| Sensitive Land Managed or Preserved | | | | | | | | |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Cumulative Acres | 2,763 | 4,723 | 5,923 | 6,344 | 6,713 | 6,774 | 6,868 | 7,018 |

Data Tables

| 2014 Water Usage | | | | | | |
|------------------|-------------------|----------|-------------|------------|----------|------------|
| | Millions Gallons* | | | MWh | Gals/MWh | % Returned |
| | Withdrawal | Return | Consumption | | | |
| Michigan City | 4,973.1 | 3,129.9 | 1,843.2 | 2,945,660 | 626 | 62.94% |
| Bailly | 76,718.1 | 76,485.5 | 232.6 | 2,162,161 | 108 | 99.70% |
| R.M. Schahfer | 8,635.0 | 4,504.0 | 4,131.0 | 7,579,799 | 545 | 52.16% |
| Sugar Creek | 759.4 | 316.1 | 443.3 | 2,289,019 | 194 | 41.62% |
| Total | 91,085.6 | 84,435.5 | 6,650.1 | 14,976,639 | 444 | 92.70% |

* Based on flow meter data and estimates.

| Generating Station Water Discharges (EN25) | | | | | |
|---|---|--|--|---|---|
| <p>While NIPSCO's discharges do not meet the 5% threshold of significant discharge, all of our generation related discharges are in State Resource Waters, most of which are home to several state listed endangered species. These discharges are not known to have a significant impact on any of these State Designated Resource Waters and are compliant with NIPSCO's NPDES permits.</p> | | | | | |
| Generating Station | Discharge Type | Water Body | Estimated Annual Discharges** (Millions Gallons) | Federally Listed Species (USF&W) | State Listed Species (IDNR) |
| Bailly | Non-contact cooling water, boiler blowdown, low volume wastes, floor and equipment drains, industrial wastewater treatment plant, ash pond, and advanced FGD wastewater, sanitary wastewater, metal cleaning wastes and storm water | State Designated Resource Water Lake Michigan (Approx. 1,180 Cubic Miles) | 76,486 | Piping Plover (Endangered Shoreline Bird) | Lake Sturgeon |
| Michigan City | Storm water and low flow volume sources (i.e. floor drains, sink basins, etc.), cooling tower blowdown, discharge from: the final ash pond, coal pile storm water run-off, metal cleaning wastewaters, and misc. low volume wastewater (including misc. service usage, water treatment wastewater, and boiler blowdown, etc.), storm water from coal conveyor system and main parking lot | State Designated Resource Water Lake Michigan (Approx. 1,180 Cubic Miles) | 3,130 | Piping Plover (Endangered Shoreline Bird) | Lake Sturgeon |
| R.M. Schahfer | Emergency overflow from Final Settling Basin, low volume waste, bottom ash transport water, cooling tower blowdown, coal pile runoff, treated sanitary wastewater, and storm water | State Designated Resource Water Kankakee River (Approx. 133 Miles Long with a drainage area of 2,989 Square Miles) Based on average discharge estimates for 2011 and 2012, discharges averaged 6,086.37 million gallons annually. | 4,131 | - | Greater Redhorse Blue-Spotted Salamander Plains Leopard Frog Northern Leopard Frog Spotted Turtle Blanding's Turtle Eastern Mud Turtle Ornate Box Turtle |
| Sugar Creek | Storm water, cooling tower blowdown, low volume wastes, untreated storm water associated with industry activity, storm water not exposed to industrial activity | State Designated Resource Water Wabash River (Approx. 475 Miles Long with a drainage area of 33,000 Square Miles) | 316 | - | Eastern Fanshell Perlymussel Northern Riffleshell Sheepnose Clubshell Rough Pigtoe Pyramid Pigtoe Greater Redhorse Lake Sturgeon Eastern Hellbender Northern Crawfish Frog Species of Special Concern: Round Hickorynut Ohio Pigtoe Kidneyshell Northern Cricket Frog Northern Leopard Frog |

** Discharges are from FY 2014

Data Tables

Support Strong, Growing Communities

| Dollars for Doers | | | | |
|--|----------|-----------|-----------|-----------|
| Source: NiSource Internal Financial Systems, NiSource Charitable Foundation Figures included in total charitable giving. | | | | |
| 2010 | 2011 | 2012 | 2013 | 2014 |
| \$73,000 | \$98,000 | \$125,000 | \$200,000 | \$247,000 |

| Charitable Giving | | | | |
|---|---------------|---------------|---------------|---------------|
| Source: NiSource Internal Financial Systems, NiSource Charitable Foundation | | | | |
| 2010 | 2011 | 2012 | 2013 | 2014 |
| \$4.8 Million | \$5.5 Million | \$6.8 Million | \$6.2 Million | \$6.2 Million |

Customer-Focused Energy Solutions

| LIHEAP Funds | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 |
| \$80.8 Million | \$69.1 Million | \$55.6 Million | \$50.0 Million | \$54.5 Million |

| NI Corporate Balanced Scorecard Customer Service | | | | |
|--|------|------|------|------|
| Source: Percent of natural gas and electric distribution customers who say NiSource company met or exceeded their expectations in a recent transaction | | | | |
| | 2011 | 2012 | 2013 | 2014 |
| Overall Satisfaction | 88% | 88% | 88% | 87% |

Data Tables

Safe, Skilled and Engaged Teams

| Employee Engagement Survey Results | | | | | |
|--|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Engagement Level | 71% | 74% | 77% | 78% | 78% |
| Participation Level | 92% | 96% | 97% | 96% | 93% |
| Would Recommend NiSource as a Good Place to Work | 74% | 79% | 82% | 83% | 80% |

| Safety | | | | | |
|---|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| OSHA Incidence Rate | 2.87 | 2.59 | 1.91 | 1.42 | 1.25 |
| Days Away Restricted or Transferred | 1.6 | 1.32 | 1.07 | 0.79 | 0.76 |
| Preventable Vehicle Accidents** | 185 | 207 | 2.37 | 2.16 | 1.91 |
| <p>The OSHA Incidence Rate is defined as the number of OSHA recordable incidents for every 200,000 hours worked (or approximately per every 100 employees). The Days Away Restricted Rate (DART) is the number of OSHA recordable incidents that resulted in lost time, restricted or transferred to other work incidents for every 200,000 hours worked (or approximately per every 100 employees). Preventable Vehicle Accident rate is calculated by taking the number of preventable accidents x 1,000,000 divided by total miles driven.</p> <p>** In 2012, we began using the above formula versus the number of actual crashes, which is a more accurate measure of driver safety.</p> | | | | | |

Shareholder Value

| Year | Net Revenues (GAAP) | Total Operating Expenses (GAAP) | Total Capitalization – Equity | Total Capitalization – Long-Term Debt | Employees |
|------|---------------------|---------------------------------|-------------------------------|---------------------------------------|-----------|
| 2014 | \$4,246.4 | \$3,030.6 | \$6,175.3 | \$8,155.9 | 8,982 |
| 2013 | \$3,841.8 | \$2,734.3 | \$5,886.6 | \$7,593.2 | 8,477 |
| 2012 | \$3,514.0 | \$2,506.1 | \$5,554.3 | \$6,819.1 | 8,286 |
| 2011 | \$3,447.5 | \$2,547.7 | \$4,997.3 | \$6,267.1 | 7,957 |
| 2010 | \$3,406.2 | \$2,522.2 | \$4,897.5 | \$5,936.1 | 7,604 |

| Capital Investment | | | | | |
|--------------------|---------------|----------------|---------------|---------------|---------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$799 Million | \$912 Million | \$1.13 Billion | \$1.6 Billion | \$2.0 Billion | \$2.2 Billion |

| Total Shareholder Return | | | | |
|--|------|------|------|------|
| Total Shareholder Return = Percentage Change in Stock Price Over the Year plus Dividend Yield at the Beginning of the Year | | | | |
| 2010 | 2011 | 2012 | 2013 | 2014 |
| 21% | 40% | 8.5% | 36% | 32% |

Report Parameters & Materiality

This report covers calendar year 2014 and was developed to address five key areas of sustainability relevant to NiSource's Sustainability Strategy and Policy, and of interest to its stakeholders based on ongoing feedback. The five areas include status reports on what NiSource is doing for its customers, communities, employees, shareholders and the environment. This report is not all-inclusive and covers the three principal businesses of NiSource and includes topics that have a direct or indirect impact on NiSource's ability to operate and create economic, environmental and social value.

The concept of materiality is core to the corporate sustainability reporting process. In 2014, NiSource conducted internal and external materiality assessments to help ensure that we are focusing on sustainability issues of importance to our stakeholders, and to ensure that issues deemed material by our stakeholders are aligned with our business strategy and risks. The surveys were sent to management employees across NiSource's operations with a 55 percent response rate, and to external stakeholders from each of our businesses with a 30 percent response rate. The feedback we received from the surveys will help us in aligning our reporting going forward.

The aspects that ranked highest in materiality to both internal and external stakeholders were: Employee Safety, Public Safety, Service Reliability and Emergency/Storm Response. Other highly rated categories were Ethics and Transparency and Overall Customer Satisfaction.

In addition, we follow the Global Report Indicator (GRI 3.1) reporting methodology as the basis of our disclosures. The GRI table applicable to the 2014 Sustainability Report can be found at www.nisource.com/sustainability.

Report Integrity

Preparing and publishing this annual Sustainability Report has allowed us to share with our stakeholders the challenges we face and the steps we are taking to build sustainable value at NiSource. We made an executive-level decision to improve our environmental and social performance by comprehensively reviewing what we do and how we do it. This enhanced sustainability report grew out of our long-term commitment to our stakeholders. The information included is drawn from our established performance tracking and reporting, as well as new systems of review and engagement designed specifically for this analysis.

Report Assurance


To help guide the 2014 reporting process, a task force, supported by the NiSource Sustainability Council, was established to develop the report. We worked with our Executive Council and Board of Directors for review, guidance and approval. A third party reviewed the report and Global Reporting Indicator (GRI) tables to provide a statement of assurance to indicate the report met the requirements of GRI Application Level B+. The full GRI table is available at www.nisource.com/sustainability.

Our last internal audit of our Sustainability Report was completed in early 2012. No significant weaknesses were discovered during the audit; however, recommendations from the audit were incorporated into subsequent reports. We continuously look for ways to improve our sustainability reporting and the involvement of our stakeholders. This is our sixth official Sustainability Report, and our progress can be seen through increased levels of reporting and stakeholder inclusion.

For additional information or to provide feedback on the report, please contact Julie Shea, Team Leader, Environmental, Safety & Sustainability, NiSource, 801 East 86th Avenue, Merrillville, IN 46410 or by email at JAShea@nisource.com.

Forward-Looking Statements

Some of the statements contained herein contain "forward-looking statements" in addition to historical information, including (1) statements concerning NiSource's plans, objectives, and expenditures and (2) any and all underlying assumptions and other statements that are other than statements of historical fact. There can be no assurance that actual results will not differ materially due to various factors, many of which are beyond the control of NiSource, including, but not limited to dealings with third parties over whom NiSource has no control, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, changes in general economic and capital and commodity market conditions, and the matters identified in the "Risk Factors" Section of NiSource's most recent Form 10-K, and subsequent reports on Form 10-Q. Furthermore, historical results may not be indicative of NiSource's future performance.



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