



2013 SUSTAINABILITY REPORT

2013 Sustainability Highlights

Environmental

- Completed the first of three major clean-air investments
- Secured approval of a 50-year Habitat Conservation Plan
- Returned 92 percent of water used for electric generation to its source
- Modernization investments continued to reduce greenhouse gas emissions, generate economic development



Customer

- Residential utility customers saved more than \$16 million through energy efficiency initiatives
- Customers generated 50,000 megawatt hours of renewable energy



Employee

- Employee volunteerism generated \$200,000 for non-profits
- More than 2,800 employees completed development programs
- Named a World's Most Ethical Company for the third year



Community

- Donated about \$6.2 million to charitable organizations
- Spent more than \$100 million with diverse suppliers



Shareholder

- Invested more than \$2 billion on energy infrastructure
- Delivered 36 percent shareholder return



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Key Stakeholder:

At NiSource, our aspiration is to be North America's premier regulated energy company, providing customer-focused energy solutions, investment-driven growth opportunities and sustainable value for our customers, investors and employees. Underpinning this effort is our unwavering commitment to top-tier safety and reliability, collaborative stakeholder relationships, inclusive and engaging work environments, strong governance and transparency, and forward-looking environmental practices and stewardship.

In this, our fifth Sustainability Report, you'll see how NiSource's aspiration and business efforts translate seamlessly into the five key dimensions of our Sustainability Strategy:

- **Customers:** benefiting from an unprecedented level of NiSource investment in our energy infrastructure, ongoing service enhancements and new energy savings and assistance programs.
- **Communities:** partnering with our companies to enhance economic development and local opportunity, while taking an active role in the responsible development and operation of our facilities.
- **Employees:** working together to build a diverse, inclusive and high-performing organization, with contemporary benefits options, growth opportunities and top-tier levels of engagement and safety.
- **The Environment:** enhanced through major system modernization investments, paired with ongoing and fundamental performance commitments.
- **Shareholders:** delivering consistent and stable earnings growth through infrastructure investments.

As we have noted in prior reports, sustainability at NiSource is a story of continuous and ongoing improvement, building from a foundation established with the adoption of our NiSource Sustainability Strategy by our Board of Directors in January 2013. This report spells out areas where we have made progress toward the expectations set forth in that long-term strategy, while acknowledging those areas where we still have work ahead of us. In all cases, I hope you see that we have set clear direction and are committed to delivering meaningful accomplishments.

As you read the 2013 report, please know that we value your feedback. Should you have any questions or need additional information about our progress, please don't hesitate to contact us.



Bob Skaggs
President & CEO
NiSource Inc.



Sustainability Council

NiSource's Sustainability Council is a cross-functional group of manager- and director-level employees, established in 2011 to support the implementation of the NiSource Sustainability Strategy and promote NiSource's sustainability efforts. The Council acts as a liaison among nearly every major division of NiSource and our in-house sustainability experts, our executive team, our Board of Directors and external advisors. A main focus of the Council in 2014 is to assist with the development of NiSource's materiality study, which will guide our sustainability reporting going forward. This effort is in line with the goals of the Global Reporting Initiative and other major international guidelines.

Goals of the Council include:

- Further integration of sustainability practices into projects and operations
- Greater engagement of NiSource employees in sustainability efforts
- Improved measurement of sustainability performance
- Greater external stakeholder outreach, reporting, benchmarking and accreditation

Customer-Focused Energy Solutions

As an energy provider, delivering **safe, reliable and affordable service for our customers** is something we focus on every day. Our teams work hard to improve customer service and convenience, to provide programs to help consumers manage energy use and lower bills, and to invest in modern and efficient energy infrastructure. Together, these initiatives serve the interests of our customers while also helping to strengthen the long-term sustainability of our company.

Enhancing Customer Service, Reliability, Efficiency and Safety Through System Modernization Investments

NiSource companies invest heavily in existing and expanding energy infrastructure to maintain customer service, safety, reliability and environmental compliance, and to provide access to affordable energy supplies for our customers. In 2013 NiSource invested more than \$2 billion in its infrastructure - a level of investment that we anticipate maintaining for the foreseeable future.

These investments include significant system modernization programs across our three major business units and were developed in close consultation with customers, elected officials, regulators and other key stakeholders.

The programs are designed to ensure safety and reliability of our energy system, as well as create economic development across our operating area. In addition, the modernization of our energy infrastructure will reduce greenhouse gas emissions, including methane. The programs also are expected to create thousands of jobs.

The Columbia Gas of Ohio and AEP of Ohio EfficiencyCrafted New Homes Program was honored in 2013 for increasing energy-efficient ENERGYSTAR® qualified homes. The ENERGYSTAR® Partner of the Year Awards for Energy Efficiency Program Delivery are given to organizations in recognition of their efforts to improve energy efficiency and reduce pollution.

Customer Programs Reduce Energy Usage, Save Residential Customers \$16 Million

In addition to the significant infrastructure investment occurring across NiSource, the company is deliberate in its focus on offering programs that reduce customer energy

Customer-Focused Energy Solutions

2014 Focus

Work with community stakeholders, legislators and regulators to identify innovative approaches to sustainable energy efficiency and energy assistance programs.

2013 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



Pauline Katsouros
Manager
Residential Programs
NIPSCO

Energy Infrastructure Modernization

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NIPSCO Modernization

Established in 2013, this program involves seven-year plans to modernize northern Indiana's electric and natural gas infrastructure. At an investment of about \$1.8 billion, this modernization effort complements the \$850 million in environmental controls already in progress. NIPSCO will replace vintage underground circuits, aging poles, substation transformers and 80 miles of natural gas transmission lines. In addition, it will add automated valves on natural gas transmission lines, eliminate bare steel gas mains and replace low-pressure systems with more modern facilities.



Columbia Gas Modernization

Established more than six years ago, this program involves investments of more than \$10 billion over the next 20+ years. In 2013, Columbia Gas utilities replaced more than 360 miles of pipeline as part of the modernization program, which includes the replacement of bare steel and cast iron facilities, and the installation of automated meter devices, among other items.



Columbia Pipeline Group Modernization

Established in early 2013, the program involves planned investments over five years and is part of a longer-term program that could reach more than \$4 billion. The five-year program includes replacing about 1,000 miles of transmission pipeline, upgrading 50 compressor units, and increasing in-line inspection and maintenance capabilities, among other items.



consumption, thus reducing their overall utility bill – and providing the added effect of reducing additional strain on resources and reducing greenhouse gas emissions.

Through a variety of programs, **residential customers saved more than \$16 million (annualized) in 2013.** Across all customer classes, including residential, natural gas usage was reduced by 875,000 Mcf and electric consumption was reduced by 193 million kilowatt hours. Programs generating these energy savings include weatherization programs, energy audits, light bulb and thermostat replacement programs, appliance recycling, air conditioner cycling, energy efficiency installation rebates and others. Complete information about the programs available can be found on our local utility websites.

Advocating for Increased Energy Assistance for Those in Need

NiSource was among more than 100 utilities, community action agencies and consumer advocates from across the country engaged in advocacy efforts during the 2013 Low-Income Home Energy Assistance Program (LIHEAP) Action Day on Capitol Hill in Washington, D.C. The annual event highlighted the importance of LIHEAP as a vital safety net available to low-income households and stressed the need for sustained federal funding.

Participants took part in more than 150 meetings on Capitol Hill, urging members of Congress to support

LIHEAP funding at \$4.7 billion for fiscal year 2014. NiSource employees met with several key members of Congress in offices serving Indiana, Ohio, Pennsylvania and Virginia.

In the 2012/2013 heating season, **NiSource customers received about \$50 million in federal assistance through LIHEAP.** In addition to participating in LIHEAP Action Day, NiSource further advocated for federal funding and programs to support energy efficiency initiatives directed to low-income customers at a White House-sponsored event.

Complementary to federal assistance programs, NiSource companies offer their own assistance programs for those in need, including weatherization programs to reduce overall bills, rebates and special payment programs, among various other initiatives. Customers are also urged to call us to discuss any financial hardships they are experiencing and review available options. Through these supplemental programs, NiSource offered about \$2.8 million in support to its customers.

One innovative assistance program introduced by Pennsylvania employees was a "Clean and Tune" event, where employee volunteers and contractors provided free heating equipment services to 44 elderly and disabled customers. Each volunteer partnered with a different contractor to inspect customers' systems in preparation for colder temperatures.

"LIHEAP Action Day was a great opportunity to speak with members of Congress and their staffs about the importance of adequately funding an important program for our most vulnerable populations, including the working poor, elderly and people with disabilities. I was also able to share my personal story about a time in my life when I needed LIHEAP; it was important for them to see my face but most importantly, see my progress."

Tamika Vinson

Communications Specialist
NiSource Inc.



Of the 44 participating households, half had issues that could have potentially caused problems during the winter. Through the initiative, volunteers discovered seven boilers/furnaces and four hot water tanks that needed to be replaced, solved eight venting problems, and repaired one service line leak. To help with the safety repairs, customers were linked to Columbia Gas of Pennsylvania's (CPA) Emergency Repair Program, which provides financial assistance for the repair or replacement of natural gas appliances serving as the primary heat source for eligible residential customers.

A Focus on the Customer Experience

Across our companies, we have various initiatives in place to enhance the experience customers have when interacting with us. Each of our business units is involved in ongoing

“With more than 40 million opportunities to interact with our customers in a year, it’s important we focus on making interactions positive, delivering on our customers’ expectations and preferences.”

Julie Stephenson
Vice President
Customer Experience
NiSource Gas Distribution

analyses of business processes, customer feedback and other performance data to identify strengths and areas where we can improve. Many of these initiatives are already in place and demonstrating progress.

Some of these enhancements include increasing our use of social media to communicate with customers and stakeholders, adding more self-service options to our phone and web transaction tools, piloting shortened appointment windows, and increasing call center hours, among other initiatives.

We track customer feedback in a number of ways, including perception-based studies, such as the popular J.D. Power Quality Survey, as well as a transaction-focused, third-party survey that measures actual customer satisfaction. **In 2013, 88 percent of our utility customers said we met or exceeded their expectations in a recent interaction**, consistent with results in prior years.

At our Columbia Pipeline Group (CPG), we have focused on improving customer engagement by introducing a series of targeted customer meetings designed to improve communications and best-practice knowledge sharing. CPG’s Customer Council, created in 2012, also acts as a sounding board for company actions. In 2013, CPG also introduced two new customer communications – *Midstream Connect*, focused on our midstream customers, and *YourSource*, focused on its regulated pipeline operations.

CPG’s Customer Council was instrumental in guiding improvements to Navigates, the critical online system customers use to transact business with CPG. The CPG team worked closely with the Customer Council to identify, prioritize and test enhancements to the system – primarily focused on improving the user-experience and making it easier to transact with CPG.

NiSource’s utilities introduced a similar approach for customer involvement. At Columbia Gas and NIPSCO, My Energy Insights online panels have been



Carolina Hunter
Team Leader
Energy Assistance
Columbia Gas of
Pennsylvania

instrumental in helping us better understand our customer needs and views on a variety of energy-related topics. As of early 2014, more than 8,000 customers are signed up for the customer panels. While online panels are not a substitute for in-person customer engagement, they are a convenient and immediate feedback channel. Currently, participation rates in the panel are significantly exceeding industry average response rates.

Automated Meter Reading Nearing 100 Percent

We now have programs in place to install automated meter reading devices across our entire utility customer base – more than 3.8 million customers. Within the next two years, we expect **all residential customers will have access to the benefits of AMR devices.** These devices enable our companies to obtain accurate meter readings remotely, which

eliminates estimated billing and the source of many customer complaints.

By replacing meters with AMR devices, we also obtain readings more quickly, allowing meter readers to collect as many as 6,300 readings in four hours, compared to about 300 readings now.



Revised Billing Program Saves Customers \$7.3 Million in Pennsylvania

While Pennsylvanians were experiencing one of the coldest winters in recent memory, **CPA helped its residential customers reduce their natural gas bills by \$7.3 million** between October 2013 and March 2014.

CPA introduced a new rate structure called a Weather Normalization Adjustment (WNA) at the beginning of the heating season. The WNA reduces the distribution portion of customer bills during extreme cold temperatures.

When temperatures are colder than normal by more than 5 percent from October through May, customers receive a credit on the distribution portion of their bill. This adjustment reduces the distribution portion of the customer's bill to the amount it would have been if temperatures were normal. Likewise, when temperatures are warmer than normal by more than 5 percent, customers receive a debit on their bill.

CPA is one of only two gas utilities in the state with a WNA for their residential customers.

"Thanks to this program, Columbia customers saved money during a period of time when extreme temperatures resulted in increased energy consumption and higher than normal utility bills."

Mark Kempic
President
Columbia Gas of Pennsylvania

Doug Williams
Field Operations Leader
Columbia Gas of Pennsylvania



Safe, Skilled & Engaged Teams

NiSource is focused on developing a strong foundation of engaged employees, ensuring leaders for the future and strengthening our safety culture with a focus on continued improvement. Engaged, aligned and safe employees are key to creating long-term value for our customers, shareholders and fellow employees.

To support this effort, NiSource invests heavily in a variety of professional development opportunities for its employees.

Safe By Choice, Not By Chance

In 2013, we continued to sharpen our focus on employee safety, with a goal of attaining top-decile (top 10 percent) performance by 2015. To do so, we have instituted a number of initiatives aimed at ingraining a “Safety by Choice” mentality across the company, from expanding training and educational resources, to increasing best-practice sharing across the company.

While we’ve made significant progress on a wide range of safety metrics, we are not yet at top decile. Across the company, we are working hard to build a strong and enduring safety culture, and to achieve our ultimate goal of zero safety incidents. And, we are making progress. In

fact, nearly 99 percent of NiSource employees worked 16 million hours without injury in 2013. And, 98 percent of employees drove more than 71 million miles without a preventable vehicle accident. **Many of our employee groups are already demonstrating best-in-class safety performance**, with examples such as:

- For more than 55 years – as far as our records go back - the hydroelectric team in Monticello, Ind., has not had a recordable incident.
- Compressor station teams achieved zero recordable safety incidents in Black Hawk, Pa., (40 years); Cornith, Miss., (21 years); Walgrove, W.Va., (12 years); Milford, Pa., (12 years); Corning, N.Y., (12 years); Louisa, Va., (11 years).
- The Muskingum Valley, Ohio, operations center has gone nearly nine years without a recordable injury.

Safe, Skilled & Engaged Teams

2014 Focus

Improved recruitment of diverse employees and continue pursuit of top-decile safety metrics across NiSource.

2013 Scorecard

Be an industry leader in employee safety



Create an environment of engaged employees who do their best work



Develop an industry-leading inclusion and diversity culture



Mark Stanich
Supervisor
Construction & Maintenance
NIPSCO



- The construction services team in Maryland surpassed seven years without a recordable injury or preventable collision.
- The Goshen, Ind., substation team has not had a recordable incident for five years.
- The Sugar Creek Generating Station team in West Terre Haute, Ind., exceeded four years without a recordable safety incident.
- The electric generation engineering team reached two years without a recordable safety incident.

A significant focus continues on safe driving, as well as prevention of slips, trips and falls; two areas where we see the greatest number of safety incidents. Over the past several years, we enhanced our safe driver training – in-person and simulated exercises – which has improved our safety metrics.

Among a variety of initiatives across the company, NiSource's gas utilities introduced **Life Saving Rules** in 2013, which are designed to help avoid safety risks encountered by our employees. Similar programs are in place across all NiSource companies. The goal is to ensure that employees go home safe and healthy every day. The rules include:

- Always set up your work zone
- Never use electronic devices (cell phones, GPS, etc.) while driving
- Never enter a trench or excavation without proper shoring

- Always utilize the required Personal Protective Equipment in a gaseous atmosphere
- Always report an injury or collision immediately

Doing the Right Thing: Three-Peat as One of World's Most Ethical Companies

We aim to be an industry leader in ethics and compliance because our customers, employees, shareholders and stakeholders expect and deserve it. Our commitment extends beyond meeting legal and regulatory guidelines, as we adopt ethical business practices, training and reporting processes across the corporation.

Further reinforcing our focus on doing the right thing, NiSource was named **one of the World's Most Ethical Companies by Ethisphere Institute for the third consecutive year in 2014**. The Institute recognized 143 organizations from 30 countries for their commitment to ethical leadership, compliance practices and corporate social responsibility.

As part of this commitment, in 2012, NiSource conducted a third-party assessment of our Code of Business Conduct. The review evaluated eight key areas of our Code and rated them against best practices. Overall, we ranked in the top 9 percent of all 3,300 codes reviewed.



Safety Results By the Numbers

We measure our efforts against a number of Occupational Safety and Health Administration (OSHA) industry benchmarks, including work-related injuries and illnesses and Days Away, Restricted or Transferred (DART) rate.

	2013 Milestone Goal: 0	2013 (2012) Actual	Improvements Since 2007
OSHA Incidence Rate*	1.74	1.42 (1.91)	72%
DART Rate **	0.86	0.79 (1.07)	71%
Preventable Vehicle Accidents ***	2.07	2.16 (2.37)	60%

* The OSHA Incidence Rate is defined as the number of OSHA recordable incidents for every 200,000 hours worked.

** DART Rate 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.

*** Preventable Vehicle Accident rate is calculated by taking the number of preventable accidents x 1,000,000 divided by total miles driven.

The Code was updated in early 2014 and is available to anyone at www.nisource.com/ethics. In addition to our Code, we are committed to ensuring our policies remain current and in line with progressive business practices. In 2013, 33 company policies were updated.

When ethical issues do arise, we have a fair and thorough investigation process that is applied consistently across the organization. In 2013, we investigated 71 ethics cases and found that 41 were substantiated by the investigative evidence. To help create a culture of reporting, we offer employees four avenues to report concerns or violations securely and confidentially – via phone, in-person, by email and online.



Putting Others Ahead of Themselves

Every day NiSource team members do remarkable things – not only in their day-to-day job of building and maintaining a safe and reliable energy delivery infrastructure, but also serving their community. [Here are a few examples of employees putting others ahead of themselves and applying their safety training:](#)

- Columbia Gas of Ohio Corrosion Technician Forrest Day was walking down a hallway at his church during Sunday school when a panicked teacher ran from a classroom yelling, “choking!” as she pointed toward a

group of children. A young boy was choking on a piece of hard candy. Relying on first aid training received through the company, Forrest performed the Heimlich maneuver on the child and dislodged the candy. Not only did Forrest’s actions potentially save a life, they also spurred action. Church leaders contacted the local fire department and asked for first aid and fire safety training for their staff and volunteers.

- NIPSCO employees joined emergency responders to save a boy who was buried in sand for hours after a sinkhole developed at a Lake Michigan beach. NIPSCO employees mobilized a nearby excavator and expert operator to assist with the rescue efforts and helped ensure emergency vehicles had access to the site. Our employees were honored alongside dozens of others involved by Indiana Governor Mike Pence.
- Columbia Gas of Pennsylvania Construction Specialist Larry Jones received the Humanitarian/Meritorious Award from the Southern Gas Association (SGA) for saving a young boy burning in a gasoline fire. Larry acted quickly to extinguish the flames and kept the boy calm. Larry’s heroic actions extended beyond the day of the incident, as Larry led community fundraising efforts to support the child’s recovery.

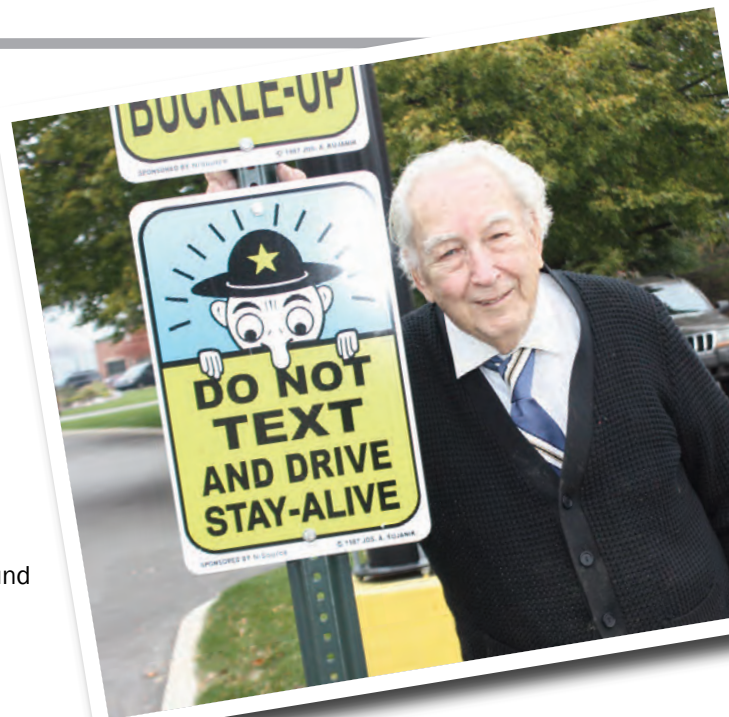
“Larry’s actions in saving the life of a boy injured in a gasoline explosion were not only heroic, but also made use of safety training that is a hallmark of our industry. Larry is a credit not only to Columbia Gas, but to our entire industry.” SGA Vice President Kent Hobart

Keeping Others Safe Into Retirement

Approximately 35 years ago, retiree Joe Kujanik witnessed a fatal crash that would change his life. Joe created the notable “PLEASE BUCKLE UP” signs that can be found all across Indiana as part of his mission to ensure everyone uses a seat belt. And, as part of his community-focused mission, all of the signs are manufactured by TradeWinds Services, a non-profit that employs people with disabilities.

Joe also is active with legislators and corporations, urging them to get involved with his cause and raise awareness about safe driving. His dream is to have signs all across the nation.

Joe recently added texting and driving to his mission, adding signs that read “Do Not Text and Drive, Stay Alive.” Joe’s signs can be found across various NiSource facilities. Signs can be purchased by any member of the general public by calling (219) 945-0100.



- After a devastating tornado hit Kokomo, Ind., nearly 60 volunteers from across NiSource operations joined the cleanup effort. The highly visible, yellow-vested volunteers moved through the tornado-ravaged neighborhood clearing piles of debris.

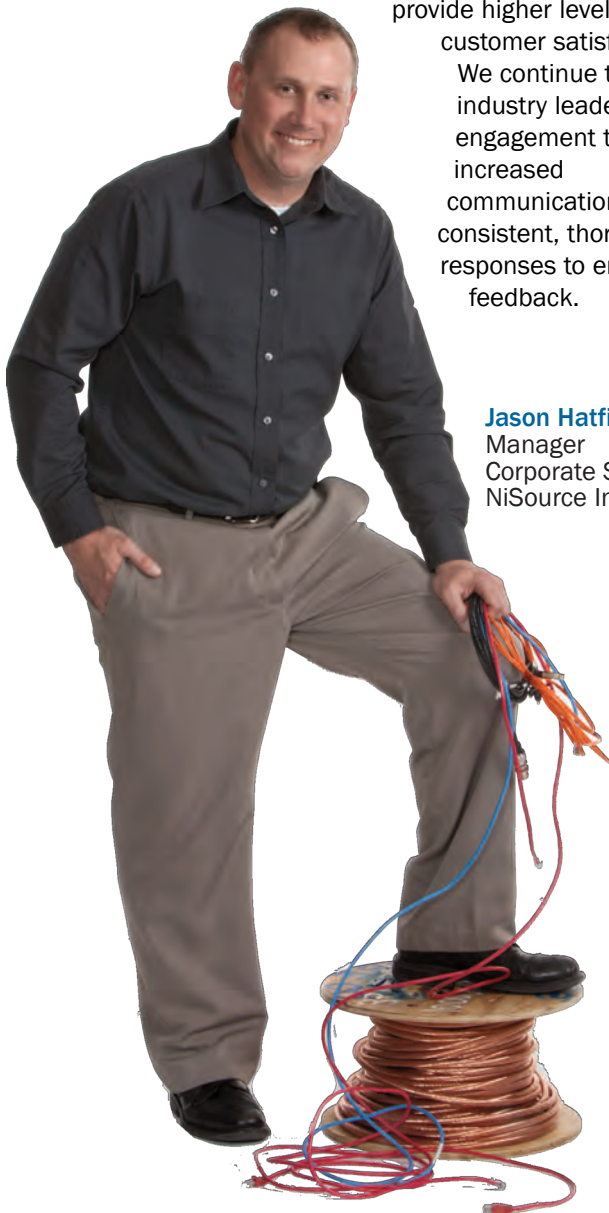
"It was a very proud and inspiring moment to see all the volunteers from the company I work for donate their time and care so much about the people in our communities. I have been proud to work for this company since the day I was hired, and that pride has only grown." **Amanda Hendron, Generating Station Clerk**

Engaging Our Teams

Research shows that engaged employees are more willing to take on new challenges, improve processes and provide higher levels of customer satisfaction.

We continue to be an industry leader in engagement through increased communications and consistent, thorough responses to employee feedback.

Jason Hatfield
Manager
Corporate Security
NiSource Inc.



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, our best performance to date and a 1 percent improvement from 2012. **More than 96 percent of employees participated in the employee engagement survey.**

Safety remains our highest-rated item, topping all items with 92 percent agreement, up one point over 2012. Two items improving the most were having the right tools to do the job and receiving constructive feedback and coaching from a supervisor.

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

NiSource/Columbia Gas of Ohio (COH) was named among the three best large companies to work for in Central Ohio in 2013. *Columbus Business First*, along with Quantum Workplace, surveyed many of Columbus' best-known corporations. More than 35 area companies were recognized, with NiSource/COH placing third in the Large Company category.



The company's variety of educational resources, job-specific training opportunities, leadership development programs, opportunities for internal advancement, adoption benefits, flexible spending accounts, same-sex domestic partner benefits, inclusion and diversity programs, community business discounts and performance incentives were noted in the recognition.

NiSource also shared positive qualities with many of the other top companies, including the company's commitment to community and charitable organizations. More about these commitments can be found in the Communities section of this report.

As reported in last year's report, NIPSCO received a similar 2013 designation when it was named one of the Best Places to Work in Indiana.

Developing Talent Internally

Leadership development is key to building skills and capabilities at all levels of NiSource. In 2013, we expanded development with a 70-20-10 emphasis: 70 percent learning from experience, 20 percent learning from others and 10 percent formal learning. This point-of-view acknowledges that sometimes the "best classroom" includes broadened experiences and assignments rather than just formal learning.

Keeping School Curriculum Relevant

Indiana Governor Mike Pence selected two NiSource employees for the Northwest Indiana Works Council in 2013.

The organization brings together local business and education leaders to review and propose school curriculum that better meets the workforce needs.

In 2013, more than 2,800 employees completed development programs at NiSource – including Managing a Remote Workforce, Transitioning into Leadership and Powerful Conversations. In addition to formal in-person training options, NiSource maintains a significant library of educational and informational

classes in its online Learning Management System. Other programs included formal Green Belt and project management training. By providing a wealth of offerings in person and online – both general and specialized – we strive to help our employees maximize their potential and develop at every level.

Beyond strengthening our current workforce, we continue to focus on the future. Our approach to succession planning allows us to identify and develop talent needed for the future. In 2013, we engaged leaders in developing rising talent with high potential to succeed at the next level of leadership.

Investing In Tomorrow's Workforce Today

Education has long been a major focus for NiSource as it strives to improve lives in the communities it serves and where its employees live and work. More recently, the focus has been sharpened on science, technology, engineering and mathematics (STEM).

This includes in-depth partnerships with local universities, high schools

"A highly skilled, diverse and capable workforce is critical to our strategy. We need strong employees and leaders who exemplify the core skills and characteristics that make our teams, and our company, successful both today and in the future."

Aaron Borchers

Director
Talent Development
NiSource Inc.



and career centers, as well as internship programs across our operating areas.

For example, Columbia Pipeline Group (CPG) and Columbia Gas of Pennsylvania (CPA) partnered with The Challenge Program, Inc. (TCP) in 2013 to support the success of high school students in the classroom and in the community. TCP is a nonprofit educational program that partners with businesses to provide financial incentives to high school students for achieving academic excellence and actively supporting and strengthening their community through volunteer efforts.

Between CPG and CPA, eight schools were sponsored as part of TCP, including one in Maryland, three in Ohio, three in Pennsylvania and one in West Virginia. TCP award categories are attendance, academic improvement, academic excellence and community service. Four students in each class are chosen based on their performance throughout the year. In total, 12 students receive awards.

The schools sponsored by CPG participated in a pilot program in 2013 where an additional award

was given to students reaching academic success in one or more of the STEM disciplines.

Introduce a Girl to Engineering

CPG, along with other area businesses, joined a local college and 10 West Virginia middle schools in 2013 at Introduce a Girl to Engineering Day. This nationally recognized day promotes events in which eighth grade female students join female professionals working in the engineering and science fields for a day of collaborative information and creative fun. The activities include a variety of demonstrations and experiments to provide young women a hands-on experience with the different disciplines of engineering and engineering technology.

Affectionately known as Girl Day, the event is held on the Thursday of National Engineers Week. Participants included more than 130 eighth grade girls and 50 female engineers. Engineering professionals teamed up with the young women to increase awareness of STEM professions and promote future careers in West Virginia.

A similar program recognizing Introduce a Girl to Engineering Day in Indiana brought together 150 Girl Scouts and NiSource employees' daughters. The students were introduced to engineering opportunities and spoke to women engineers and leaders at NIPSCO and NiSource. The event included an engineering challenge with prizes, demonstrations and a tour of NIPSCO facilities.



Dee Cota
Director
Commercial Programs & Support
NIPSCO and
President, DAWN Resource Group



Strong, Growing Communities

NiSource has a presence in hundreds of communities across 16 states - transporting natural gas and electricity to nearly 4 million utility customers and millions more customers through our interstate pipeline infrastructure. This energy powers homes and businesses, but also a growing number of electric generating facilities that are critical to the energy infrastructure across the eastern United States. This is a responsibility we don't take lightly.

We are focused on maintaining a constructive community presence and ensuring a safe and reliable operating environment. **Our community involvement takes many forms, including millions of dollars in charitable contributions, more than 10,000 recorded employee volunteer hours and \$2 billion in energy infrastructure investment** that brings jobs, economic development and increased tax revenues to local schools and communities.

Charitable Giving Reaches \$6.2 Million in 2013

NiSource's charitable giving is guided by the goals of the NiSource Charitable Foundation. The foundation's mission is to help create strong and sustainable communities where our employees and customers live

and work. Each year, we award grants at the local company level, actively supporting organizations that are working to make a difference in the communities we serve and that help improve the quality of life for our customers, our employees and our neighbors. **In 2013, we donated about \$6.2 million to non-profit organizations across our service territory**, approximately 1.3 percent of NiSource's net operating earnings from continuing operations.

We provide funding and encourage volunteer support for non-profit organizations primarily in the areas of:

- Community Vitality and Development
- Public Safety and Human Services
- Learning and Science Education
- Environmental and Energy Sustainability

Some 2013 examples of charitable giving across NiSource include:

Columbia Pipeline Group (CPG) – CPG and NiSource employees challenged limits and exceeded goals this year, all while supporting a



Strong, Growing Communities

2014 Focus

Maintain our significant charitable giving program and identify additional long-term infrastructure investment opportunities.

2013 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



Monica Nguyen
Team Leader
Customer Service
Columbia Pipeline Group

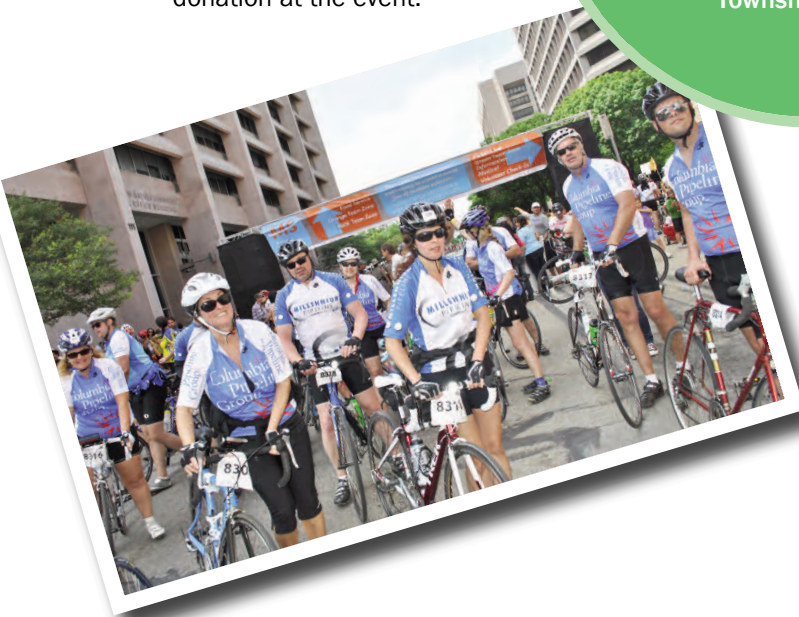
worthwhile cause. Employees participated in two Bike MS rides in Texas and West Virginia. The annual events are held to aid the National MS Society in raising money to combat Multiple Sclerosis.

- 47 employees took part in Bike MS Country Roads – a two-day ride with 120- or 150-mile options through some of West Virginia's most scenic hills.
- 28 employees participated in the BP MS 150 – a two-day, 150-mile trek from Houston to Austin.
- The CPG team was the largest team at the Bike MS Country Roads Ride and raised more than \$35,000 for the MS Society, the largest team donation at the event.

"The natural gas industry continues to support economic growth in our area, and it's bringing jobs to Ohio. However, this growth must happen in a safe and responsible manner. NiSource is a company that has been a good neighbor to us and has committed to provide safe, reliable and responsible natural gas gathering and processing in our community."
Robert Orr, Springfield (Ohio) Township Trustee

The donation to the Children's Village of Washington County helped further its efforts to provide fire, traffic, water, pedestrian and other personal safety skills from instructors, including uniformed firefighters and police officers.

Columbia Gas of Massachusetts (CMA) – CMA supported efforts of a local organization providing emergency shelter, advocacy services and programs such as homelessness prevention, adult education, employment training and health care. Employees presented a check for \$15,000 to Father Bill's & Mainspring, part of a partnership of support over the past 10 years. In addition, hundreds of CMA employees serve as monthly volunteers at the Lazarus House in Lawrence, Mass., Friends of the Homeless in Springfield, Mass., and Our Daily Bread in Taunton, Mass. Together they have served thousands of meals to residents of these homeless shelters while offering a smile, a handshake and a listening ear.



Columbia Gas of Kentucky (CKY) – CKY and the NiSource Charitable Foundation supported educational, cultural and arts programming by honoring a Lexington, Ky., landmark, the Kentucky Theatre. A \$15,000 grant will support a comprehensive renovation program of the 90-year-old cinema, which has become a cultural institution through the historic grandeur of its architecture, its iconic marquee and the diverse, community-centered programming it provides.

Columbia Gas of Maryland (CMD) – CMD, with the support of the NiSource Charitable Foundation, contributed \$15,000 to support childhood fire safety.



Columbia Gas of Pennsylvania (CPA) – CPA partnered with a local Meals on Wheels program to allow seniors to live safely and independently in their homes during the most recent winter heating season. In addition to a \$28,000 donation, CPA volunteers prepared and delivered meals to local seniors.

Columbia Gas of Ohio (COH) – Employees, the company and the NiSource Charitable Foundation contributed more than \$746,000 to the 2013 United Way of Central Ohio campaign. In addition to financial pledges, employees volunteered more than 700 hours and held 10 drives to collect items for United Way-funded agencies. Across nearly all of NiSource, employees participate in Days of Caring and other related functions to support the United Way, in addition to supplementary financial support.

Customer E-Bill Enrollments Raise \$250,000 for Charity

As a way to encourage customers to sign up for electronic billing, NiSource's utilities conducted a campaign that paired signups with donations to a non-profit organization. That campaign generated more than 25,000 new e-Bill enrollments and \$125,000 each for Toys for Tots and the American Red Cross.

"The Red Cross provides relief to victims of nearly 70,000 disasters each year, and helps people prevent, prepare for and respond to all types of emergencies. The generous support of NiSource and its customers ensures the Red Cross is here for people in your local communities who need our help."
Neal Litvack, Chief Development Officer American Red Cross

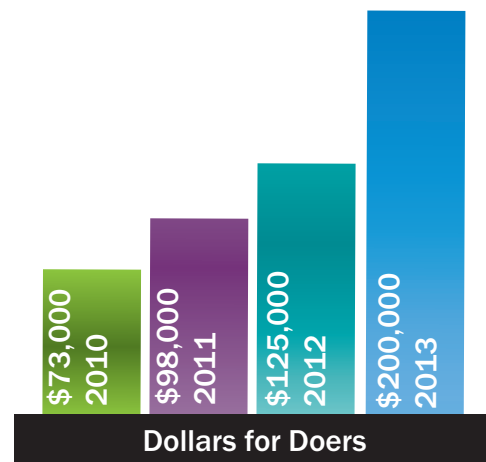
Employee Volunteerism Generates \$200,000

Our employees play a key role in philanthropic efforts across our operations, donating significant time and money to organizations they believe in. We support and encourage this involvement through the Dollars for Doers program, which contributes up to \$500 per employee to an organization in return for their volunteer time. **In total, employees submitted approximately 10,000 hours of volunteer time, generating about \$200,000 of contributions.**



Columbia Gas of Virginia (CGV) – Together with the NiSource Charitable Foundation, CGV made a \$10,000 grant to the Virginia Wounded Warriors Program. The donation will support the work of the Wounded Warriors Program in helping our veterans who are injured as a result of their service to the United States. This includes providing support to wounded veterans and their families by linking them to needed resources such as behavioral healthcare, veterans' benefits, housing and employment assistance across the state.

Northern Indiana Public Service Company (NIPSCO) – Among the dozens of organizations supported in 2013 across its service territory, each year NIPSCO selects a Charity of Choice to focus employee fundraising and company donations. In 2013, the Charity of Choice was the American Red Cross, which received a donation of \$100,000 raised by NIPSCO employees and the company. Fundraising and volunteer activities surrounding the Charity of Choice included blood drives, employee picnics, a car wash, a hog roast, a golf outing and a motorcycle ride.



Employee Volunteer Efforts Growing Significantly

Keeping Communities Safe Around Pipelines

NiSource's ongoing investment in its energy infrastructure is a key component of the company's commitment to maintaining a safe and reliable system. In addition to taking a proactive approach to safety across our operations and a focus on modernizing our

operations, including investing more than \$260 million on pipeline integrity management initiatives, we're constantly looking for opportunities for our companies and the industry to continuously improve. Recent incidents across the pipeline industry, including those experienced by our companies, confirm that our investment programs are on the right track and will improve safety practices across the industry.

Just as important as our commitment to the safe operation of our system is a constant focus on ensuring the public understands how to remain safe around our facilities. An informed and engaged public supplements our safety measures and may reduce the likelihood and potential impacts of pipeline emergencies.

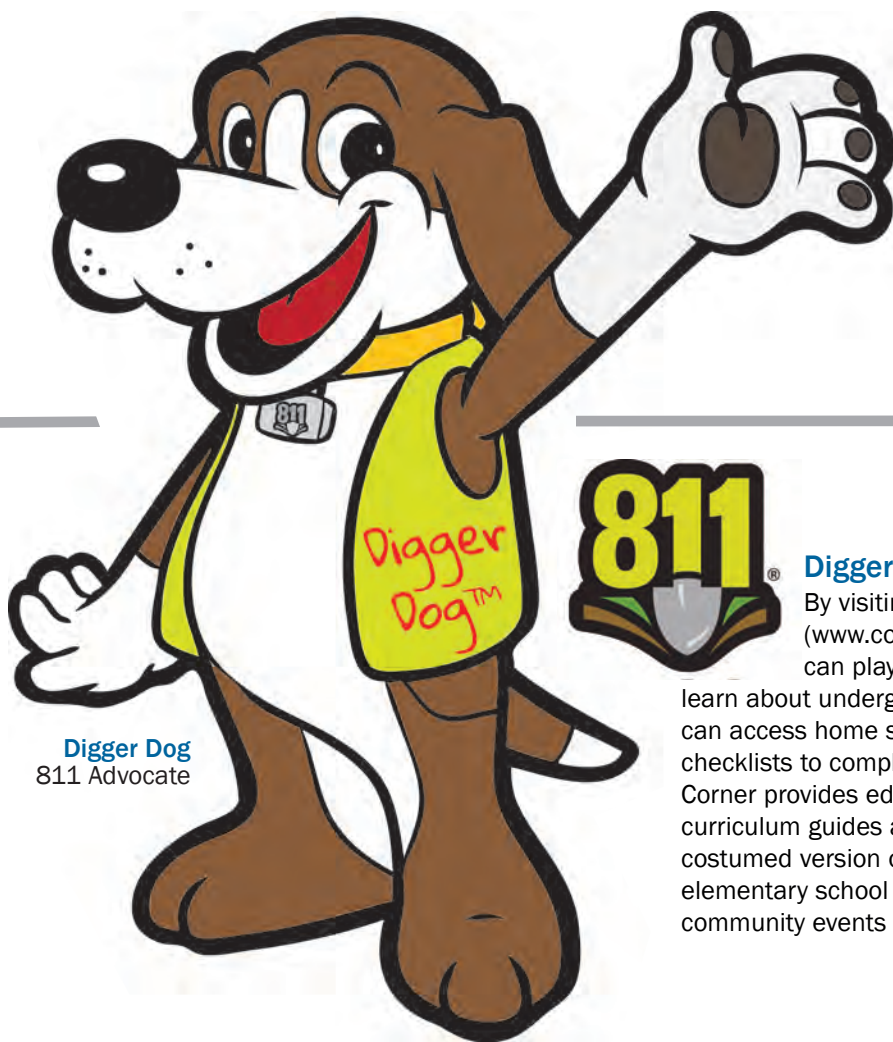
While pipelines are the safest form of energy transportation, pipeline incidents are possible regardless of safety, monitoring and maintenance measures employed by the company. Nationwide, the number one cause of gas-related safety incidents is people digging into underground facilities.

Every eight minutes, an underground utility line is struck as a result of failure to dial 811 beforehand. This fact is why **NiSource companies invested more than \$2.3 million on public and safety awareness programs in 2013.** The programs include significant efforts to communicate with the public, local officials, emergency officials and excavators. An investment in public awareness helps prevent accidents, while also ensuring the public understands its significant role in helping to prevent accidents that are caused by third-party damage and right-of-way encroachment.

As part of our integrated safety approach, we regularly host and sponsor special events and training sessions with local emergency responders to keep them and the public safe when emergency situations occur around our facilities. NiSource is committed to engaging with emergency responders to promote the company as a trusted partner and is committed to keeping the public safe.

Our CPA operations initiated a new approach to get this message across to communities. CPA

introduced a mascot to help promote Call Before You Dig and natural gas safety messages – Digger Dog. Telling children that he always calls 811 before he digs holes in the yard for his bones, Digger Dog is an energetic beagle with a plastic natural gas pipe for a collar and a tag that reads “811.” He also always wears his reflective safety vest.



Digger Dog
811 Advocate

Digger Dog Calls Before He Digs

By visiting the Digger Dog website (www.columbiagaspa.com/digger-dog), children can play interactive games, get safety tips and learn about underground line marking. Additionally, parents can access home safety inspections and natural gas checklists to complete with the whole family. The Teacher's Corner provides educators with natural gas lesson plans, curriculum guides and energy kits for the classroom. A costumed version of Digger Dog makes appearances at elementary school assemblies, baseball games and community events around CPA's service territory.

GPS Technology Aims to Enhance Pipeline Safety

NiSource's gas utilities are testing a new approach to improve the safety of the natural gas system. Pilot projects in Virginia, Pennsylvania and Ohio tested the effectiveness of the system, which combines global positioning system technology, a tablet computer, a barcode scanner and a custom geographical information system application. Similar applications are being evaluated or in practice across our operations. As pipelines are installed, the field technician gathers information about the location and properties of the facility. Ultimately, the data will be transmitted to a Cloud server, checked for quality and entered into the NiSource mapping system once verified.

"The technology is designed to improve how we anticipate damages, predict the lifespan of pipe and prioritize and forecast our capital investment."
Ashley Donnini, Damage Prevention Manager, NiSource Gas Distribution

modernizing our utility infrastructure. NiSource also often seeks opportunities to leverage events to engage key stakeholders in dialogue about issues including important legislative initiatives, customer service programs such as funding for low-income customers and our safety/public awareness programs. **We support a collaborative approach with key stakeholders in developing policy and programs that continue to ensure a safe, reliable energy infrastructure.**

In addition to our customer service representatives, our businesses employ specialists in communications and public affairs with specific accountabilities for keeping stakeholders informed and providing a two-way channel of communication. While each of our businesses is different, we follow a similar approach of identifying, prioritizing and interacting with stakeholders. Typically each new major project involves a detailed stakeholder outreach plan, including

Stakeholder Engagement

As a regulated utility company, we interface with various stakeholder groups on a continuous basis. We are part of their community, present each day maintaining and

Inclusion & Diversity

Inclusion and Diversity (I&D) is central to our efforts to build a stronger company that respects and values everyone's unique contributions, views and fundamental desire to do good work. In-depth details about our commitment to I&D can be found in the 2013 NiSource Inclusion & Diversity Report available at www.nisource.com/diversity.

This commitment drives tangible benefits for our company, our customers and all our stakeholders, including:

- Enhanced employee engagement
- Improved customer service and satisfaction
- Stronger community and stakeholder relationships
- High-performance teams and results
- Stronger NiSource reputation



Darnita Bradley
 Manager
 Local Government Policy
 Columbia Gas of Ohio



engagement opportunities through letters, phone calls, websites, social media, dedicated toll-free numbers, face-to-face meetings, community presentations and open houses. Input is considered along the project's lifecycle. One example of a project employing this stakeholder engagement methodology is our Reynolds-Topeka electric transmission project, involving a more than \$300 million investment in central Indiana – information can be found at www.greentownreynolds.com.

Other ways NiSource maintains an ongoing dialogue with stakeholders is through local employees, social media, online, through email and in-person community action panels and customer meetings, among other items.

Orrin Whitt
Field Operations
Columbia Gas of
Kentucky



Meeting Future Energy Needs

NIPSCO's Integrated Resource Plan (IRP), which is presented to the Indiana Utility Regulatory Commission every two years, charts our strategy for the next 20 years for meeting the future energy needs of our customers with cost-effective, reliable and sustainable supplies of electricity while addressing the inherent uncertainties and risks that exist in the electric utility industry.

The IRP discusses the process, methods, models and assumptions utilized in the plan's development, including the evaluation of renewable energy options. The strategy includes various studies, analyses and reports generated by a combination of internal and external subject matter experts. In 2014, we expanded our outreach process to include public advisory meetings where the process and the proposed plan are reviewed by interested stakeholders. A draft of the plan, scheduled to be submitted to regulators in November 2014, can be found at www.nipSCO.com/IRP.

Community Advisory Panels (CAPs)

The NIPSCO CAPs are a diverse group of more than 150 local leaders representing the 30-county service area. The panels are part of the company's commitment to improve service and foster open dialogue with customers and communities.

The groups, which originated in 1990, meet three times each year to discuss current topics relative to NIPSCO's operations and customer programs.

In appreciation of their time, NIPSCO makes a donation in each member's name to a nonprofit of his or her choice. Those donations have amounted to more than \$100,000 to nearly 250 organizations since 2004.

"Being a member of the NIPSCO CAP has been a great experience for becoming aware and informed on NIPSCO's commitment to its customers and the communities that it serves. The meetings have been eye-opening on major projects undertaken and provided a peek at the operational and management side of NIPSCO as a public service utility. Even rate cases, which are never warmly received by the public, were explained in a manner that was easily understood. I think the program facilitates community interaction with NIPSCO in a way that is unprecedented in my memory." **Bob Volkman, Town Manager, Schererville, Ind.**

Environmental Stewardship

Reducing Sulfur Dioxide Emissions by 90 Percent

One of our largest investments is the clean-air installations taking place at Northern Indiana Public Service Company (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



In April 2014, NIPSCO received the 2013 Partners for Clean Air Business Air Pollution Prevention/ Reduction Award.

PCA recognized NIPSCO for its voluntary actions that the company has undertaken to improve air quality.

"Improving air quality is important, and we have made substantial progress in recent years by diversifying our supply mix and investing in other environmental improvements."

Mike Finissi, Chief Operating Officer, NIPSCO

Our largest investment is the construction of Flue Gas Desulfurization (FGD) equipment, also called scrubbers, at our R.M.

Schahfer Generating Station in Wheatfield, Ind. **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 is scheduled to come online by the end of

2014. A similar

FGD project, already under

way at our

Michigan City (Ind.)

Generating Station, includes the installation of a fabric filter bag house for collecting scrubber byproducts and particulate emissions.



Environmental Stewardship

2014 Focus

Complete Schahfer FGD installation and further measure the greenhouse gas reduction improvements resulting from modernization initiatives.

2013 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



Jim Estes
Lineman
NIPSCO

* A portion of these investments are part of a requirement to resolve allegations that NIPSCO violated the Clean Air Act.

The scrubbers will reduce sulfur dioxide emissions from those units by about 90 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 will install additional pollution control equipment aimed at achieving further reductions in mercury and particulate emissions. 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.

Infrastructure Investments 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 more than \$30 billion in long-term system modernization programs spanning the next several decades. These modernization upgrades will result in a reduction of greenhouse gas (GHG) fugitive emissions from the replaced natural gas pipe at as much as

approximately 99 percent. Combustion equipment upgrades will result in a GHG emission reduction from the replaced equipment by as much as approximately 40 percent.

In total, our gas distribution modernization program is expected to reduce our CO₂e (carbon dioxide equivalent) emissions by an average of 27,000 metric tons per year over the next six years. In addition, our currently outlined separate gas transmission pipeline system and natural gas compressor modernization programs – to be completed in 2013 through 2017 – are expected to reduce CO₂e emissions by approximately 38,000 metric tons.

To help better understand and quantify emission-reduction efforts, we are working with our industry associations, research partners and environmental groups in a series of detailed studies designed to improve natural gas emission measurement accuracy and understanding. We believe this study will provide a revised, more accurate picture of total natural gas emissions. Results of the studies will be released in 2014.

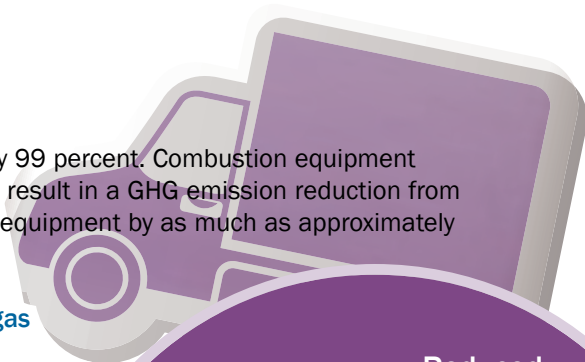
All these efforts build on NiSource's strong track record of environmental commitment and performance. **In fact, between 1993 and 2012, NiSource achieved a cumulative reduction of 25 million metric tons of CO₂e across our corporation.** This includes emission reductions at our electric utility in Indiana 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

Reduced Vehicle Emissions

Over the past two years, NIPSCO installed 10 public electric vehicle charging stations and also installed more than 100 private charging stations at customer locations. Additional incentives will be offered starting in 2014 to develop additional public charging stations.

NiSource also increased the number of cleaner-burning vehicles in its fleet. As of the end of 2013, about 10 percent of all of NiSource's fleet was hybrid, electric or clean diesel.



climate change reflecting a balanced approach that considers available commercial technologies, 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.

Reducing Water Consumption, Preserving Quality

While NiSource operates in an area with abundant fresh water resources, we recognize the need to maintain water quality in our region and continue to invest in and maintain or improve water quality. A particular focus area is northern Indiana where our use of water in 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

Investments Reduce GHG Emissions

In 2013, the first year of our modernization program at CPG, we reduced our greenhouse gas emissions by 18,634 CO₂e.

minimization plan in place that has resulted in a reduction in mercury discharges to the water. In 2014, NIPSCO will complete a \$25 million state-of-the-art wastewater treatment plant with advanced mercury controls. The treatment plant 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, eliminates discharging of water back into the source – 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.

Preserving Endangered Species

In previous Sustainability Reports we provided updates on our cooperative effort with the U.S. Fish &

"More than 92 percent of the water we use to generate electricity is recycled and returned to its source – much cleaner than when taken out."

Dan Plath

Principal
Environmental, Safety and Sustainability
NiSource Inc. and
Founder of the Northwest Indiana Paddling Association



Wildlife Service (USFWS) and other federal agencies to develop a Habitat Conservation Plan (HCP). The NiSource HCP, involving the company's interstate pipeline facilities across 14 states, was approved in September 2013.

The HCP is an innovative approach to enhancing the efficiency and effectiveness of compliance with the Endangered Species Act in a comprehensive, consistent and transparent manner. The plan outlines specific conservation measures and Best Management Practices for 43 endangered species, including the endangered Indiana bat, clubshell, fanshell, James spiny mussel, northern riffleshell (mussel), sheepsnose (mussel), American burying beetle, Nashville crayfish, bog turtle and Madison cave isopod. The conservation measures outlined in the HCP protect, restore and enhance habitat areas in and around our facilities; monitor and report on covered species populations; and avoid and minimize impacts on species and their habitats. Detailed information about the HCP can be found at www.nisource.com/hcp.

Throughout 2014, NiSource, USFWS and our stakeholders will work diligently to ensure the HCP is successfully executed, including the development of a third-party expert resource group. The HCP is expected to yield unprecedented conservation benefits, and we are continuing to seek opportunities to leverage these benefits across our organization. We are working with our

other businesses to assess the benefits of implementing similar best practices across the entire organization in pursuit of a corporate-wide conservation strategy. These efforts are in the early planning stages, but we look forward to providing updates in future reports.

"The habitat conservation plan developed by NiSource represents the new model for endangered species conservation and corporate wildlife stewardship. This plan is an efficient and effective mechanism to address the conservation needs of listed species on a landscape scale, and it gives NiSource the ability to plan its activities in the long term." **Tom Melius, U.S. Fish & Wildlife Service, Midwest Regional Director**

Renewable Energy Programs Generate Nearly 50,000 Megawatt Hours

In 2014, NiSource's electric utility continued expansion of various customer programs that help the environment.

Delivering Shareholder Value

By almost any measure, 2013 was monumental for NiSource, as we delivered another year of solid execution, notable achievement and industry-leading growth in shareholder value.

The engine that continues to drive our team's strong performance is execution; specifically, steady and consistent execution of earnings-accretive investments in energy infrastructure modernization and system growth. These efforts supported our long-term business strategy as well as our near-term growth commitments. This sustained solid performance, coupled with a growing dividend, helped produce a total shareholder return of 36 percent in 2013 – outperforming the major utility indices by a wide margin for the fifth consecutive year.

More about our commitment and progress toward creating shareholder value can be found in NiSource's Annual Report to Shareholders available on www.nisource.com.

Sarah Perry
Communications Specialist
Columbia Gas of
Pennsylvania/Maryland



NIPSCO's Net Metering and Feed-in Tariff programs promote further renewable generation opportunities by allowing customers to generate their own electricity via renewable resources and sell it back to the company or reduce their overall bill.

In addition, these programs help slow the need to invest in additional power resources as demand continues to rise. **Between the two programs, in 2013, nearly 50,000 megawatt hours have been generated by renewable sources – enough to power approximately 6,000 homes per year.**

The newest program is NIPSCO's Green Power Program, which is a voluntary program that allows customers to designate a portion or all of their monthly electric usage to

be attributable to power generated by renewable energy sources produced in the Midwestern states. The Green Power Program credits are certified through Green-e® Energy, the nation's leading renewable energy certification and verification program. The program helps build a market for renewable electricity and is designed to help reduce global climate change and regional air pollution. In mid-2013, Goshen College became NIPSCO's first major customer to designate all of its electricity in the Green Power Program.

Secure Electric Generation Fuel Sources

We generate electricity from domestically available, secure fuel sources, including coal and natural gas, supplemented by hydroelectric and wind power.

Coal: 2,574 MW
Natural Gas: 721 MW
Hydroelectric: 10 MW
Wind (Leased): Up to 100 MW

"This single action will reduce our carbon profile by 45 percent." **Goshen College President Jim Brenneman, referring to the NIPSCO Green Power Program**



Eric Belle
Manager
Field Engineering
Columbia Gas of Ohio

Shareholder Value

2014 Focus

Continue earnings growth of 5 to 7 percent and annual dividend growth. Maintain ethics and compliance excellence.

2013 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



Proactive Planning Helps Limit Environmental Impact of New Infrastructure Projects

NiSource is committed to delivering sustainable economic growth under our Sustainability Policy. With our \$2 billion annual infrastructure investments, NiSource business units proactively identify ways to avoid impacts to biodiversity during the routing phases of new infrastructure projects. If certain environmental features cannot be avoided, **NiSource business units collaborate with federal agencies to identify best practices to minimize impacts during construction, which includes routing facilities to avoid environmental and recreational features, when practical.** For example, beginning in 2013, NIPSCO selected and began acquiring right of way for its Reynolds-Topeka Transmission Improvement Project, a new electric line extending approximately 100 miles across NIPSCO's service territory.

The Reynolds-Topeka Project is one of many Midwest Independent System Operator (MISO) projects seeking to enhance electric system reliability and increase access to low-cost energy sources. Early in the routing process, NIPSCO proactively conducted stakeholder outreach through voluntary public open houses and agency meetings to identify environmentally sensitive areas. Early agency and stakeholder coordination helped NIPSCO avoid impacts to rivers and streams, wetlands, cultural resources and artifacts, and threatened and endangered species for the route segments that will not parallel existing right of way. NIPSCO also routed the line along 70 percent existing right-of-way to avoid new disturbance to environmental features and customer properties. Another MISO project NIPSCO is undertaking,

the Reynolds-Greentown Transmission Improvement Project, is going through a similar collaborative process in which avoiding and minimizing environmental impacts will be important to the routing phase.

Efforts toward enhancing biodiversity do not simply stop at pipeline and electric line construction, but continue with responsible right-of-way maintenance. For example, CPG funds eradication of Mile-a-Minute weed on and near our Line 1278 right-of-way in the Delaware Water Gap National Recreation Area.

Remediating PCBs & Former Gas Plant Sites

In 2014, NiSource will complete its three-year program to address PCB (polychlorinated biphenyl) impacted paint coatings at its natural gas compressor stations. As of the end of 2013, program contractors worked more than 235,000 man-hours without a lost-time incident.

Progress also continued to remediate the company's former manufactured gas plants (MGP). As of the end of 2013, out of 70 existing MGPs, 18 sites have been remediated. By the end of 2014, another seven sites will be completed or nearly completed.

Sustainable Real Estate

Columbia Gas of Ohio's new headquarters building's interior will meet LEED Platinum and the exterior will meet LEED Silver standards. Another new NiSource facility in Virginia also will be LEED certified.



Data Tables

Environmental Stewardship

Ash/Gypsum – Tons Generated Fuel Supply					
	2009	2010	2011	2012	2013
Fly Ash	261,180	314,100	293,898	228,130	276,314
Bottom Ash	185,216	188,887	198,732	146,239	175,893
Gypsum	468,378	421,479	314,321	338,317	456,254

Ash/Gypsum – Reused or Recycled					
	2009	2010	2011	2012	2013
Fly Ash	32.28%	33.35%	34.36%	36.80%	21.43%
Bottom Ash	100%	100%	100%	100%	100%
Gypsum	99.34%	99.29%	99.36%	100%	100%
Combined	80.33%	77.03%	75.84%	79.77%	76.10%
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	2009	2010	2011	2012	2013
Lbs. of GHG per MWh	2,411.4	2,290.1	2,181.4	2,082.0	1,960.0	2,094.0

Nitrogen Oxide Emissions - CPG					
	2009	2010	2011	2012	2013
Lbs. NOx/ Horsepower Hours	0.0137	0.0133	0.0133	0.0162	0.0154

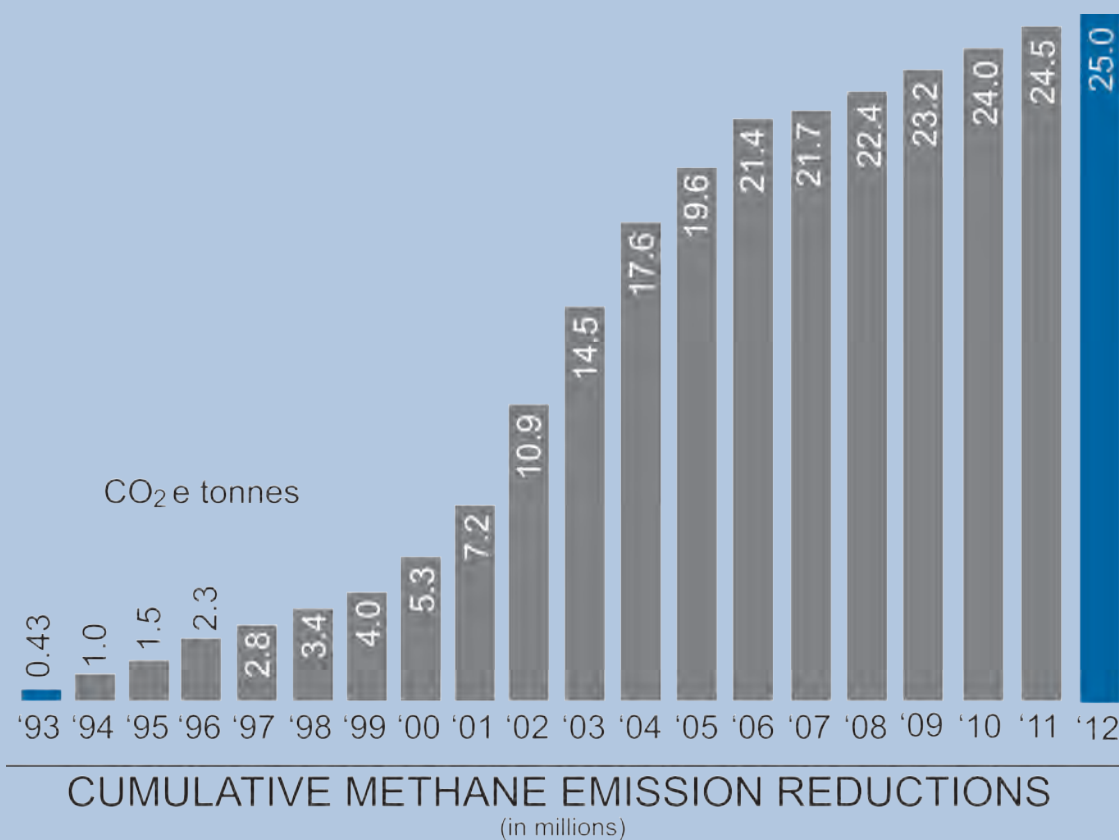
Key Performance Indicators					
	2009	2010	2011	2012	2013
SO ₂ Emission Rate (Lbs/MWh)	6.72	5.93	4.60	4.27	4.15
CO ₂ Emission Rate (Lbs/MWh)	2,269	2,181	2,082	2,089	2,231
NOx Emission Rate (Lbs/MWh)	2.04	1.76	1.41	1.32	1.4
Lead Emissions Rate (Lbs/MWh)	-	0.0002	0.0002	0.0002	Pending
Volatile Organic Compounds (Lbs/MWh)	-	0.0479	0.0472	0.0433	Pending
Particulate Matter Emissions (Lbs/MWh)	-	0.5397	0.5090	0.3937	Pending
# of Agency Actions (NOVs)	7	7	5	9	2
Total Water Withdrawal (Bil/Gal)	105.3	98.61	107.4	86.96	91.62

Data Tables

Direct and Indirect GHG Emissions (In CO ₂ eq Tonnes)						
	2001 Baseline	2009	2010	2011	2012	2013
CPG Combustion	2,032,649	1,643,419	1,467,803	1,279,304	1,005,920	901,820
CPG Fugitive & Vented*	3,954,557	3,472,620	3,473,055	2,357,960	2,738,252	2,402,166
Gas Distribution - Includes Combustion, Vented and Fugitive and LNG/LPG	1,498,862	1,397,537	1,287,271	1,268,920	1,271,720	1,411,288
Electric Generation	17,599,959	15,103,475	16,110,206	15,340,748	12,681,846	14,426,984
Purchased Power - Increase Over Baseline Due to Ceased Operations at DHMGS	362,773	1,310,733	1,206,705	1,577,737	2,900,331	2,567,493
SF6 Emissions	125,593	49,651	29,877	39,255	17,657	3,982
Mobile Emissions	24,071	35,075	36,790	37,956	43,119	45,362
Building Energy - Natural Gas Heating***	-	-	-	16,876	15,949	15,659
Indirect**	130,564	93,521	100,210	186,448	206,265	246,257
Total	25,729,028	23,106,031	23,711,917	22,105,204	20,881,059	22,021,011

* 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.

Cumulative Methane Emission Reductions



Data Tables

Direct GHG Emissions by Category						
	2001 Baseline	2009	2010	2011	2012	2013
Electrical Intensity (tonnes CO ₂ e per MWh)	1.10	1.0388	0.9895	0.9444	0.8891	0.9498
Tonnes/Mile of Pipe - Gas Transmission - Fugitive & Vented*	255.7	237.4	239.3	163.8	191.1	179.1
Tonnes/Mile of Pipe - Gas Distribution	27.7	26.9	25.0	23.7	23.6	26.4
Tonnes/MMBHP - HR - Gas Transmission (Combustion)	588.8	584.2	523.9	535.2	517.9	501.4
* 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
Columbia Pipeline Group	164,901.3	207,422.0
Natural Gas Distribution	72,529.8	72,976.0
NIPSCO	27,901.3	26,880.0
Total	265,332.4	307,278.0

Note: 2013 greenhouse gas emission calculations use updated 40 CFR Part 98 global warming potentials. The new global warming potentials increased from 21 to 25 for methane, decreased from 310 to 298 for nitrous oxide, and decreased from 23,900 to 22,800 for sulfur hexafluoride.

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								
	2012				2013			
	Hazardous	Non-Hazard	Total	% of Total	Hazardous	Non-Hazard	Total	% of Total
Treatment	12	2,674	2,686	37.7%	35	3,550	3,585	37.4%
Landfill	214	1,580	1,794	25.2%	365	2,078	2,442	25.5%
Recycled (Non-Trash)	0	1,563	1,563	21.9%	0	3,029	3,029	31.6%
Reuse (Fuels, Oil Marker)	92	916	1,008	14.1%	165	252	418	4.4%
Injection	0	30	30	0.4%	0	5	5	0.0%
Incineration	40	7	47	0.7%	93	18	111	1.2%
Totals	358	6,770	7,128	100.0%	658	8,932	9,590	100.0%
	Recycled	Landfilled	Total	% Recycled	Recycled	Landfilled	Total	% Recycled
Estimated Trash/Municipal Waste	1,162	6,547	7,709	15.1%	568	8,169	8,737	6.5%

Sensitive Land Managed or Preserved								
	2006	2007	2008	2009	2010	2011	2012	2013
Cumulative Acres	2,083	2,763	4,723	5,923	6,344	6,713	6,774	6,868

Data Tables

2013 Water Usage					
	Millions Gallons*				
	Withdrawal	Return	Consumption	MWh	Gals/MWh
Michigan City	4,672	2,920	1,752	2,195,256	798
Bailly	77,161	76,906	256	2,637,600	97
R.M. Schahfer	8,943	4,453	4,490	8,226,991	546
Sugar Creek**	840	329	511	2,548,978	200
Total	91,616	84,608	7,009	15,608,825	449

* Based on flow meter data and estimates.

** Sugar Creek return is an estimate based on 2011 usage rates.

Generating Station Water Discharges (EN25)					
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.					
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)	76,906	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)	2,920	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.	4,453	-	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)	329	-	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 2013

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
\$73,000	\$98,000	\$125,000	\$200,000

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

Customer-Focused Energy Solutions

LIHEAP Funds			
2009/2010	2010/2011	2011/2012	2012/2013
\$80.8 Million	\$69.1 Million	\$55.6 Million	\$50.0 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 Target
Overall Satisfaction	88%	88%	88%	89%

Data Tables

Safe, Skilled and Engaged Teams

Employee Engagement Survey Results					
	2009	2010	2011	2012	2013
Engagement Level	69%	71%	74%	77%	78%
Participation Level	89%	92%	96%	97%	96%
Would Recommend NiSource as a Good Place to Work	70%	74%	79%	82%	83%

Safety				
	2010	2011	2012	2013
OSHA Incidence Rate	2.87	2.59	1.91	1.42
Days Away Restricted or Transferred	1.6	1.32	1.07	0.79
Preventable Vehicle Accidents**	185	207	2.37	2.16

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.

** In 2012, we began using the above formula versus the number of actual crashes, which is a more accurate measure of driver safety.

Shareholder Value

Year	Net Revenues	Total Operating Expenses	Total Capitalization – Equity	Total Capitalization – Long-Term Debt	Employees
2013	\$3,841.8	\$2,734.3	\$5,886.6	\$7,593.2	8,477
2012	\$3,514.0	\$2,509.2	\$5,554.3	\$6,819.1	8,286
2011	\$3,447.5	\$2,553.4	\$4,997.3	\$6,267.1	7,957
2010	\$3,406.2	\$2,530.6	\$4,897.5	\$5,936.1	7,604

Capital Investment					
2009	2010	2011	2012	2013	2014 Planned
\$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				
2009	2010	2011	2012	2013
49%	21%	40%	8.5%	36%

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 Inc.’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.

Report Parameters & Materiality

This report covers calendar year 2013 and was developed to address four key areas of sustainability relevant to NiSource’s Sustainability Strategy and Policy, and of interest to its stakeholders based on ongoing feedback. The four areas include status reports on what NiSource is doing for its customers, communities, employees 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.

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 2013 Sustainability Report can be found at www.nisource.com/sustainability. NiSource is undergoing a materiality study with internal and external stakeholders to prepare it for the publishing of its 2014 report in compliance with the most recent GRI standards. Additional information can be found in the Report Development Background available 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 2013 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 fifth 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 Inc., 801 East 86th Avenue, Merrillville, IN 46410 or by email at JAShea@nisource.com.

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