

2015 IURC Winter Forum

Violet Sistovaris
NIPSCO Executive Vice President



NIPSCO Leadership Team in Attendance

Violet Sistovaris

Executive Vice President

Andy Stone

VP, Field Gas Operations

Mike Hooper

SVP, Electric Operations

Deb Owen

VP, Customer Operations

Karl Stanley

VP, Commercial Operations

Kathleen O'Leary

President

Frank Shambo

VP, Regulatory and Legislative Affairs

Dan Williamson

Executive Director, Energy Supply and Trading

Claudia Earls

AGC and Division Counsel

2015 IURC Winter Forum

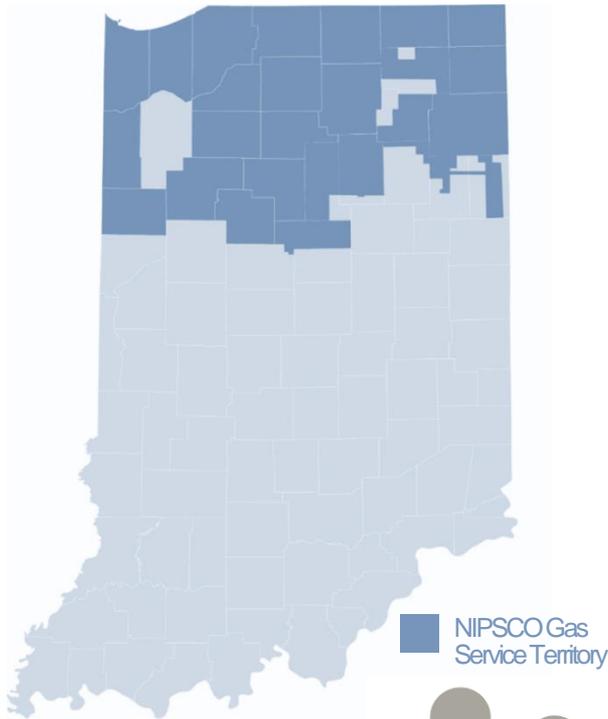
NIPSCO's Commitment to Customers

- Prepared for the Winter Ahead
- Adequate Natural Gas Supply and Pipeline Delivery Capability
- Projecting Lower Customer Bills This Winter
- Positive Outlook on Natural Gas Prices This Winter and Beyond
- Maintaining and Continuing to Invest in a Safe System

Working to Become Indiana's Premier Utility

NIPSCO Natural Gas Profile

Indiana's Lowest Delivered Gas Cost Provider



810,000 natural gas customers
30 counties



Advantages of NIPSCO's System

- Interconnections with Seven Major Interstate Pipelines
- Two On-System Storage Facilities
- High-Pressure Transmission Loop
- Flexibility to Select Alternative Supplier
- Low Transportation Rates



Serves **4** of
Indiana's largest
10 cities



48% of NIPSCO's
throughput consumed by
6 industrial customers

Performance During Extreme Winters

Keeping Customers and Communities Safe and Warm

Another Exceptional System and Employee Performance During Extreme Conditions

- No Service Interruptions
- No Deliverability Issues
- Sufficient Gas Supply

**Coldest Winters
in 20 Years**
2013/2014 and
2014/2015

Continued Solid Performance

Preparing for the Winter Ahead

NIPSCO's Winter Preparation Activities

- Performing Preventative Maintenance on Critical Gas System Components
- Reducing Risk, Ensuring Future Reliability through System Modernization
- Executing In-line Inspections of Major Transmission Lines
- Conducting Operational Team Planning and Preparedness Meetings
- Ensuring Adequate Gas Supplies and Delivery Capability
- Ongoing Communication with Transportation Customers
- Planning Public Outreach Regarding Gas Safety and Efficiency

Supply Portfolio and Fuel Mix

Storage Capabilities are Vital to Meeting Customer Needs

Planned Design Day Supply Mix

Total - 1.04 Bcf

1% - Delivered Supply
.01 Bcf

18% - Transported Supply
.19 Bcf

81% - Storage
.84 Bcf

Planned Design Day Breakdown

- 81% Storage (26% On-System Storage; 55% Contracted Storage)
- Access to Supply in High-Demand Scenarios
- Fixed Price Supply

2015/2016 Winter Supply Portfolio	%	\$/Dth
Storage (Fixed Price)	52%	\$3.39
Financial Hedges (Fixed Price)	9%	\$3.69
Short-Term (Market Price)	39%	\$2.53

Winter Bill Projections

Projecting 30% Lower Bills This Winter

NIPSCO Residential Gas Bill Forecast
*Normal to Normal Usage Comparison, November 2015-March 2016**

	NOV	DEC	JAN	FEB	MAR	TOTAL
Last Winter	\$53.16	\$97.92	\$130.89	\$113.24	\$99.94	\$495.15
This Winter	\$40.25	\$64.54	\$90.57	\$84.27	\$65.31	\$344.94
Usage (Therms)	62.3	115	166.5	149.9	127	620.7

**Actual bills vary by customers depending on the home's age and size, number in the household, number and age of gas appliances, thermostat settings and insulation levels.*

Helping Customers Manage Bills and Save Energy

Options and Programs Available to Customers

- | | |
|---------------------------------|--|
| LIHEAP | <ul style="list-style-type: none">• 32,000 NIPSCO customers assisted last year |
| NIPSCO C.A.R.E. Discount | <ul style="list-style-type: none">• LIHEAP customers auto-enrolled, receive bill discount \$3.3 million budget forecasted for 2015/2016 |
| NIPSCO Hardship Funds | <ul style="list-style-type: none">• Provides up to \$400 for customers within 151-200% of poverty level; NIPSCO provided nearly \$260,000 to 910 customers last winter |
| Budget Billing Plan | <ul style="list-style-type: none">• Approximately 30% of customers enrolled |
| Township Trustees | <ul style="list-style-type: none">• Approximately 4,500 customers assisted last year |
| Reduced Deposit Amounts | <ul style="list-style-type: none">• Capped deposit amount for eligible LIHEAP customers |
| Payment Arrangements | <ul style="list-style-type: none">• Allows customers to spread out unpaid balance |
| Energy Savings Programs | <ul style="list-style-type: none">• Range of programs available to all customers |
| Winter Moratorium | <ul style="list-style-type: none">• LIHEAP customers are not disconnected during winter |

Maintaining a Safe System



Comparisons (2014)

Mains Pre-1970s	41%	37%
Priority Pipe (T&D System)*	8%	1.1%
Distribution Corrosion Leaks/1,000 Miles	41	2.9
Transmission Operating Stress Levels <30% (SMYS)	10%	31%

17,688 Miles Transmission & Distribution Line/Main	0 Miles Cast Iron	99% Plastic/Protected Steel
--	-----------------------------	---------------------------------------

**Based on 2014 U.S. Department of Transportation Annual Report figures; represents 192.3 miles of priority pipe, which includes 53.7 miles of identified bare steel.*

Investing in Indiana's Energy Future

Infrastructure Modernization Efforts

Example Modernization Projects

- Increasing In-Line Inspection Capabilities
- Upgrading Low-Pressure Systems
- Extending Rural Gas to Underserved Areas
- Adding Additional Control Valves
- Replacement of Priority Pipeline, Including Bare Steel

Benefits to Customers

- Improves Public Safety
- Increases System Strength, Safety and Reliability to Meet Future Demand
- Supports Local Jobs, Future Economic Growth and Development



Bare Steel Replacement Project (Gary, Ind.)

Working to Ensure a Safe and Reliable System for the Future

2015 IURC Winter Forum

NIPSCO's Commitment to Customers

- Prepared for the Winter Ahead
- Adequate Natural Gas Supply and Pipeline Delivery Capability
- Projecting Lower Customer Bills This Winter
- Positive Outlook on Natural Gas Prices This Winter and Beyond
- Maintaining and Continuing to Invest in a Safe System

Working to Become Indiana's Premier Utility