Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock. OPERATIONAL RISKS We may not be able to ~~complete the sale of a minority interest in NIPSCO on the expected timeline or at all. On November 7, 2022, we announced our intention to sell a minority interest in NIPSCO (the " NIPSCO Minority Interest Sale "). We intend to evaluate various alternatives to determine the optimal transaction structure to maximize stakeholder value as a result of the NIPSCO Minority Interest Sale. A successful sale will be dependent on factors such as regulatory approval (s) and negotiations with one or more counterparties. There can be no assurances that we will be able to successfully complete the NIPSCO Minority Interest Sale on the anticipated timeline or at all. Furthermore, there can be no assurances that the NIPSCO Minority Interest Sale will lead to the anticipated benefits to stockholders. We may not be able to~~ execute our business plan or growth strategy, including ~~the NIPSCO Minority Interest Sale and~~ utility infrastructure investments. ~~Business~~ **Operational, financial** or regulatory conditions may result in our inability to execute our business plan or growth strategy, including ~~the NIPSCO Minority Interest Sale and identified, planned and other utility infrastructure investments, which includes~~ investments related to natural gas pipeline modernization and our renewable energy projects, and the build- transfer execution goals within our business plan. Our ~~Enterprise~~ **enterprise - wide** ~~Transformation~~ **transformation** ~~Roadmap~~ **roadmap** initiatives are designed to identify long- term sustainable capability enhancements, cost optimization improvements, technology investments and work process optimization, has increased the volume and pace of change and may not be effective as it continues. Our customer and regulatory initiatives may not achieve planned results. Utility infrastructure investments may not materialize, may cease to be achievable or economically viable and may not be successfully completed. Natural gas may cease to be viewed as an economically and environmentally attractive fuel. Certain environmental activist groups, investors and governmental entities continue to oppose natural gas delivery and infrastructure investments because of perceived environmental impacts associated with the natural gas supply chain and end use. Energy conservation, energy efficiency, distributed generation, energy storage, policies favoring electric heat over gas heat and other factors may reduce demand for natural gas and electricity. In addition, we consider acquisitions or dispositions of assets or businesses, JVs, ~~including in connection with the NIPSCO Minority Interest Sale,~~ and mergers from time to time as we execute on our business plan and growth strategy. Any of these circumstances could adversely affect our **business,** results of operations and growth prospects. Even if our business plan and **/ or** growth strategy are executed, there is still risk of, among other things, human error in maintenance, installation or operations, shortages or delays in obtaining equipment, including as a result of transportation delays and availability, labor availability and performance below expected levels (in addition to the other risks discussed in this section). We are currently experiencing, and expect to continue to experience, supply chain challenges, including labor availability issues, impacting our ability to obtain materials for our gas and electric projects ~~. Risks to our capital projects, including risks related to supply chain challenges and labor availability, are described in a separate risk factor below. Our gas distribution and transmission activities~~ , as well as **our ability to ensure timely completion. Our distribution, transmission and** generation **activities** ~~, transmission and distribution of electricity,~~ involve a variety of inherent hazards and operating risks, including potential public safety risks. Our gas distribution and transmission **, electric generation, transmission and distribution** activities ~~, as well as generation, transmission and distribution of electricity~~ , involve a variety of inherent hazards and operating risks, including, but not limited to, gas leaks and over- pressurization, downed power lines, stray electrical voltage, excavation or vehicular damage to our infrastructure, outages, environmental spills, mechanical problems and other incidents, which could cause substantial financial losses ~~, as demonstrated in part by the Greater Lawrence Incident~~ . ~~We also have distribution propane assets that involve similar risks. In addition, these~~ **These** hazards and risks have resulted and may result in ~~the future in~~ serious injury or loss of life to employees and / or the general public, significant damage to property, environmental pollution, impairment of our operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial **business and financial** losses ~~for NiSource and its stockholders~~ . The location of pipeline facilities, including regulator stations, liquefied natural gas and underground storage, or generation, transmission, substation and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from such incidents. **Hazardous** ~~As with the Greater Lawrence Incident, certain~~ incidents have subjected and may ~~in the future~~ subject us to both civil and criminal litigation or administrative or other legal proceedings from time to time, which could result in substantial monetary judgments, fines, or penalties against us, be resolved on unfavorable terms, and require us to incur significant operational expenses. The occurrence of incidents has in certain instances adversely affected and could in the ~~ITEM 1A. RISK FACTORSNISOURCE INC.~~ future adversely affect our reputation, cash flows, financial position and / or results of operations. We maintain insurance against some, but not all, of these risks and losses. We ~~may~~ **currently** conduct **and may conduct in the future** certain operations ~~, including in connection with the NIPSCO Minority Interest Sale,~~ through a JV arrangement involving third- party investors that may result in ~~delays, litigation or~~ operational impasses **or litigation, including business delays as a result of such arrangements** . We **have and** may enter into JV arrangements involving third- party investors, including ~~in connection with~~ the NIPSCO Minority Interest ~~Sale~~ **Transaction** . As part of a JV arrangement, third- party investors may hold certain protective rights that may impact our ability to make certain decisions **, restricting our operational and corporate flexibility** . Any such third- party investors may have interests and objectives which may differ from ours **, we may be unable to cause these third parties to take action that we believe would be in the JV' s best interest,** and, accordingly, disputes may arise that may result in

~~delays, litigation or~~ operational impasses **or litigation, including business delays** . Failure to adapt to advances in technology **, including alternative energy sources,** and **changes in laws or regulations to support such advances in technology or alternative energy sources, and our ability to** manage ~~the~~ **such** related costs could make us less competitive **. ITEM 1A. RISK FACTORSNISOURCE INC** ~~and negatively impact our results of operations and financial condition~~ . A key element of our electric business model includes generating power at central station power plants to achieve economies of scale and produce power at a competitive cost. We continue to transition our generation portfolio in order to implement new and diverse technologies including renewable energy, distributed generation, energy storage, and energy efficiency designed to reduce regulated emissions. Advances in technology and potential competition supported by changes in laws or regulations could reduce the cost of electric generation and provide retail alternatives causing power sales to decline and the value of our generating facilities to decline. Our natural gas business model depends on widespread utilization of natural gas for space heating as a core driver of revenues. Alternative energy sources, new technologies or alternatives to natural gas space heating, including cold climate heat pumps and / or efficiency of other products, **and potential competition supported by changes in laws or regulations** could reduce demand and increase customer attrition, which could impact our ability to recover on our investments in our gas distribution assets. Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes, to offer services that meet customer demands and evolving industry standards, including environmental impacts associated with our products and services, and to recover all, or a significant portion of, remaining investments in retired assets. A failure by us to effectively adapt to changes in technology **, successfully implement such changes,** and manage the related costs could harm the ability of our products and services to remain competitive in the marketplace and could have a material adverse impact on our **business,** results of operations and financial condition **. Furthermore, if these changes do not provide the anticipated benefits or meet customer demands, such failure could materially adversely affect our business model as well as impact results of operations and financial condition. Increased dependency on technology may hinder our business operations and adversely affect our financial condition and results of operation if such technology fails. We use a variety of technological tools and systems including both Company- owned information technology and technological services provided by outside parties. These tools and systems support critical functions including scheduling and dispatching of service technicians, automated meter reading systems, customer care and billing, operational plant logistics, management reporting and external financial reporting. The failure of these or other similarly important technologies, or our inability to have these technologies supported, updated, expanded, recovered (including timely recovered), or integrated into other technologies, could hinder our business operations and adversely impact its financial condition and results of operations. Although the Company has, when possible, developed alternative sources of technology and built redundancy into its computer networks and tools, there can be no assurance that these efforts would protect against all potential issues related to the loss of any such technologies** . Aging infrastructure may lead to disruptions in operations and increased capital expenditures and maintenance costs ~~, all of which could negatively impact our financial results~~ . We have risks associated with aging electric and gas infrastructure. These risks can be driven by threats such as, but not limited to, electrical faults, mechanical failure, internal corrosion, external corrosion, ground movement and stress corrosion and / or cracking. The age of these assets may result in a need for replacement, a higher level of maintenance costs or unscheduled outages, despite efforts by us to properly maintain or upgrade these assets through inspection, scheduled maintenance and capital investment. In addition, the nature of the information available on aging infrastructure assets, which in some cases is incomplete, may make the operation of the infrastructure, inspections, maintenance, upgrading and replacement of the assets particularly challenging. Missing or incorrect infrastructure data may lead to (1) difficulty properly locating facilities, which can result in excavator damage and operational or emergency response issues, and (2) configuration and control risks associated with the modification of system operating pressures in connection with turning off or turning on service to customers, which can result in unintended outages or operating pressures. Also, additional maintenance and inspections are required in some instances to improve infrastructure information and records and address emerging regulatory or risk management requirements, resulting in increased costs. Supply chain issues related to shortages of materials **, labor** and transportation logistics may lead to delays in the maintenance and replacement of aging **or damaged** infrastructure, which could increase the probability and / or impact of a public safety incident. We lack diversity in suppliers of some gas materials. While we have implemented contractual protections with suppliers and stockpile some materials in inventory for such supply risks, we may not be effective in ensuring that we can obtain adequate emergency supply on a timely basis in each state, that no compromises are being made on quality and that we have alternate suppliers available. The failure to operate our assets as desired could result in interruption of electric service, major component failure at generating facilities and electric substations, gas leaks and other incidents, and an inability to meet firm service and compliance obligations, which could adversely impact revenues, and could also result in increased capital expenditures and maintenance costs, which, if not fully recovered from customers, could negatively impact our financial results. We may be unable to obtain insurance on acceptable terms or at all, and the insurance coverage we do obtain may not provide protection against all significant losses. Our ability to obtain insurance, as well as the cost and coverage of such insurance, ~~are affected~~ **is impacted** by **various events and** developments affecting our **industry** ~~business; international, national, state, or local events;~~ and the financial condition and underwriting considerations of insurers. For example, some insurers **have discontinued** ~~are moving away from~~ underwriting certain carbon- intensive energy- related businesses such as those in the coal industry or ~~those exposed to~~ **excluded coverage for** specific perils such as wildfires ~~as well as gas explosion events~~ or **punitive damage** ~~other infrastructure- related or natural catastrophe~~ risks ~~. The utility insurance market continues to be impacted by a prevalence of severe losses, and despite significant annual increases in rates over the past few years, markets are experiencing unacceptable loss ratios~~ . Certain perils, such as cyber **liability** , are now being excluded from some master policies for property and casualty insurance, requiring **, where we have the ability,** procurement of additional policies ~~to be obtained~~ to maintain consistent coverage at an additional cost.

~~Capacity~~ **Specific natural catastrophe events, such as hail and tornado, may not be covered with the same** limits ~~insurers are willing to issue have decreased~~ **as other perils in certain property policies** , **as full** ~~requiring participation from more insurers to provide adequate~~ coverage **for these events is unavailable in the marketplace without costly specialty policies** . Insurance coverage may not continue to be available at limits, rates or terms acceptable to us. In addition, our insurance is not sufficient or effective under all circumstances and against all hazards or liabilities to which we are subject. Certain types of damages, expenses or claimed costs, such as fines and penalties, have been and in the future may be excluded under the policies. In addition, insurers providing insurance to us may raise defenses to coverage under the terms and conditions of the respective insurance policies that could result in a denial of coverage or limit the amount of insurance proceeds available to us. Any losses for which we are not fully insured or that are not covered by insurance at all could materially adversely affect our results of operations, cash flows and financial position. Aspects of the implementation of our electric generation strategy, including the **timing of the** retirement of our coal generation units **or the addition of new generation resources** , may be delayed and may not achieve intended results. **We intend** ~~As discussed in " Results and Discussion of Segment Operations- Electric Operations, " in Management' s Discussion and Analysis of Financial Condition and Results of Operations, our 2018 Integrated Resource Plan (" 2018 Plan ") outlines the path~~ to retire the remaining two coal units at R. M. Schahfer **Generating Station** by the end of 2025 and the remaining coal- fired generation by the end of 2028, to be replaced by lower- cost, reliable and cleaner options. Our 2021 Integrated Resource Plan (" 2021 Plan ") validated the activities underway pursuant to our ~~2018~~ **prior Integrated Resource** ~~Plan~~ **Plans** and calls for the retirement of the Michigan City Generating Station, replacement of existing vintage gas peaking ~~units~~ **facilities** at the R. M. Schahfer Generating Station and upgrades to the **electric** transmission system ~~to enhance our electric generation transition~~ . ~~Recent developments, including macro~~ **Macro** supply chain issues and U. S. federal policy actions **could** ~~, have created~~ - **create** ~~significant~~ uncertainty around the availability of key input ~~material~~ **materials** necessary to develop and place our renewable energy projects in service. In the U. S., solar industry supply chain issues include the ~~pending~~ U. S. Department of Commerce ~~investigation on~~ **regulations related to** ~~Antidumping~~ **antidumping** and ~~Countervailing~~ **countervailing** ~~Duties~~ **duties** ~~Anti Circumvention~~ **circumvention** ~~Petition filed by a domestic solar manufacturer (the " DOC Investigation ")~~ , the Uyghur Forced Labor Protection Act, Section 201 Tariffs and persistent general global supply chain and labor availability issues. The most prominent effect of these issues is the ~~significant~~ curtailment of imported solar panels and other key components required to complete utility scale solar projects in the U. S. Any available solar panels may not meet the cost and efficiency standards of our currently approved projects and the incremental cost may not be recoverable through customer rates. As a result of the challenges in obtaining solar panels, many solar projects in the U. S. have been delayed or canceled. As we are in the midst of a transition to an electric generation portfolio with more renewable resources, including solar, our projects are ~~subject~~ **vulnerable** to the effects of these issues. Our expectation has been that ~~solar~~ **renewable or alternative** energy sources would be ~~one~~ **some** of the primary ways in which we will meet our electric generation capacity and reliability obligations to the MISO market and reliably serve our customers when we retire our coal generation capacity. The ~~high level of~~ uncertainty surrounding the completion of **generation resource** ~~our solar renewable energy~~ projects **could** ~~creates~~ - **create** significant risks for us to reliably meet our capacity and energy obligations to MISO and to provide reliable and affordable energy to our customers. Any additional delays to the completion dates of our ~~ten~~ planned and approved solar projects ~~are expected to~~ **or other electric generation projects, including our proposed gas peaking facility could** impact our capacity position and our ability to meet our resource adequacy obligations to MISO. Delays to the completion dates of our projects could also include delays in the financial return of certain investments and impact the overall timing of our electric generation transition. **Our** ~~As noted above, we expect our~~ electric generation strategy ~~to~~ **may** require additional investment to meet our MISO obligations and may require significant future capital expenditures, operating costs and charges to earnings that may negatively impact our financial position, financial results and cash flows. An inability to secure and deliver on renewable projects ~~is~~ **has** negatively **impacted, and could in the future negatively** ~~impacting~~ --- **impact,** our generation transition timeline and ~~may~~ **could** negatively impact our achievement of decarbonization goals and reputation. Our capital projects and programs subject us to construction ~~risks and natural gas costs~~ and supply risks, and are subject to regulatory oversight, including requirements for permits, approvals and certificates from various governmental agencies. Our business requires substantial capital expenditures for investments in, among other things, capital improvements to our electric generating facilities, electric and natural gas distribution infrastructure, natural gas storage and other projects, including projects for environmental compliance. As we undertake these projects and programs, we may be unable to complete them on schedule or at the anticipated costs ~~due in part to shortages in materials as described more fully below~~ . Additionally, we may construct or purchase some of these projects and programs to capture anticipated future growth, which may not materialize, and may cause the construction to occur over an extended period of time. ~~Our existing and planned capital projects require numerous permits, approvals and certificates from federal, state, and local governmental agencies. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, we may be forced to incur additional costs or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and cash flows resulting from such projects and programs until after their completion. Other construction~~ **Construction** risks include **, but are not limited to,** changes in the availability ~~and~~ **or** costs of materials, equipment, commodities or labor (including changes to tariffs on materials), delays caused by construction incidents or injuries, work stoppages, ~~shortages in qualified labor,~~ poor initial cost estimates, unforeseen engineering issues, ~~the ability to obtain necessary rights- of- way, easements and transmissions connections~~ and general contractors and subcontractors not performing as required under their contracts. We are monitoring risks related to increasing ~~order and~~ delivery lead times for **certain** construction and other materials, increasing risk associated with the unavailability of materials due to global shortages in raw materials and issues with transportation logistics, and risk of decreased construction labor productivity in the event of disruptions in the availability of materials critical to our gas and electric operations. Our efforts to enhance our resiliency to supply chain shortages may not be effective. We ~~are also seeing~~ **continue to see** increasing prices associated with certain materials, equipment and products, which impacts our ability to complete major capital projects at the cost that was planned and approved. To the extent that delays occur ~~or~~ **,** costs increase, ~~customer~~ **costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage our** affordability ~~as well as~~ **and complete our capital projects,** our business operations, results of operations, cash flows **,** and financial condition ~~could~~ **may** be ~~materially~~ adversely affected. In addition, to the extent that delays occur on projects that target system integrity, the risk of an operational incident could increase. **Our existing** ~~For more information on global availability of materials for our renewable projects, see "- Results~~ and **planned** ~~Discussion of Segment Operations- Electric Operations- Electric Supply and Generation Transition." To the extent that delays occur, costs become unrecoverable or recovery is delayed, or we otherwise become unable to effectively manage and complete our~~ capital projects **require numerous permits** , **approvals and certificates from federal, state, and local governmental agencies, including obtaining necessary rights- of- way, easements and transmissions connections, as well as complying with various environmental statutes, rules and regulations, among other items. If there is a delay in obtaining any required regulatory approvals** ~~our~~ - **or** ~~results of operations~~ **if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations** , **we may not be able to construct or operate our facilities, we may be forced to incur additional costs or we may be unable to recover any or all amounts invested in a project. We also may not receive the anticipated increases in revenue and** cash flows ~~,~~ **resulting from such projects** and **programs until after their completion** ~~financial condition may be adversely affected~~ . A significant portion of the gas and electricity we sell is used by residential and commercial customers for heating and air conditioning. Accordingly, fluctuations in weather, gas and electricity commodity costs, ~~inflation~~ and economic conditions impact **customer** demand ~~of our customers and our operating results~~. Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on " normal " weather, which represents a long- term historical average. Significant variations from normal weather resulting from climate change or other factors could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage, is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting our financial results. Commodity prices have been and may continue to be volatile **as described in more detail in the below risk factor** . Rising gas costs could heighten regulator and stakeholder sensitivity relative to the impact of base rate increases on customer affordability. Lastly, residential and commercial customers' usage is sensitive to economic conditions and factors such as recession, inflation, unemployment, consumption and consumer confidence. Therefore, prevailing economic conditions affecting the demand of our customers may in turn affect our financial results. Fluctuations in the price of energy commodities or their related transportation costs **,** or an inability to obtain an adequate, reliable and cost- effective fuel supply **may impact our ability** to meet customer ~~demands~~ - **demand** ~~may have a negative impact on our financial results~~. Our current electric generating fleet ~~is~~ **has** ~~dependent~~ **dependencies** on coal and natural gas for fuel, and our gas distribution operations purchase and resell a portion of the natural gas we deliver to our customers. These energy commodities are subject to price fluctuations and fluctuations in associated transportation costs. We use physical hedging through the use of storage assets and use financial products in certain jurisdictions in order to offset fluctuations in commodity supply prices. We rely on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the commodity costs incurred in selling energy to our customers. ~~However, while~~ **While** we have historically been successful in the recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner. In addition, we depend on electric transmission lines, natural gas pipelines, and other transportation **and storage** facilities owned and operated by third parties to deliver the electricity and natural gas we sell to wholesale markets, supply natural gas to our gas storage and electric generation facilities, and provide retail energy services to our customers. If transportation is disrupted, if capacity is inadequate or if supply is interrupted due to issues at the wellhead, we may be unable to sell and deliver our gas and electric services to some or all of our customers. As a result, we may be required to procure additional or alternative electricity and / or natural gas supplies at then- current market rates, which, if recovery of related costs is disallowed, could have a material adverse effect on our businesses, financial condition, cash flows, results of operations and / or prospects. Failure to attract ~~and~~ **,** retain **or re- skill** an appropriately qualified workforce, and maintain good labor relations, could ~~harm~~ **adversely impact safety, service reliability, and customer satisfaction. Although** our **attrition rates have stabilized and are improving, we face increased competition for talent which may** ~~results~~ - **result in longer hire times or increased cost due to the competitive nature** of ~~operations~~ **certain positions** . We operate in an industry that requires many of our employees and contractors to possess unique technical skill sets. An aging workforce without appropriate replacements, the mismatch of skill sets to future needs, the unavailability of talent for internal positions and the unavailability of contract resources may lead to operating challenges or increased costs. These operating challenges include lack of resources, loss of knowledge and a lengthy time period associated with skill development. For example, certain skills, such as those related to construction, maintenance and repair of transmission and distribution systems, are in high demand and have a limited supply. Current and prospective employees may determine that they do not wish to work for us due to market, economic, employment ~~and~~ **or** other conditions, including those related to organizational changes as described in the risk factor below. **Further, as part** ~~We face increased competition for talent in the current environment~~ of ~~sustained labor shortage and increased turnover rates. Incidents of any pandemic in our workforce could increase the risk of worker illness and availability. These or~~ **our** ~~other~~ **strategic plan, which includes enhanced technology, transmission and distribution investments, and a reduction in reliance on coal- fired generation, we will need to attract and retain personnel that are qualified to implement such a strategy and may need to retrain or re- skill certain** ~~employee~~ **employees to support** ~~workforce factors could negatively impact our business, financial condition or~~ **our** ~~results~~ **long- term objectives. Additionally, successful implementation** of ~~operations~~ **our strategic plan is dependent on our ability to recruit and retain key executive officers to oversee its progress** . A significant portion of our workforce is subject to collective bargaining agreements. Our collective bargaining agreements are generally negotiated on an operating company basis with some companies having multiple bargaining agreements, which may span different geographies. Any failure to reach an agreement on new labor contracts or to renegotiate these labor contracts might result in strikes, boycotts or other labor disruptions. Our workforce continuity plans may not be effective in avoiding work stoppages that may result from labor negotiations or mass resignations. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and / or cash flows. **Failure** ~~Our strategic plan includes enhanced technology and transmission and distribution investments and a reduction in reliance on coal- fired generation. As part of our strategic plan, we will need~~ to attract ~~and~~ **,** retain **,** ~~personnel that are qualified to implement our strategy and may need to retrain~~ or re- skill ~~certain employees to support our long- term objectives. Failure to hire and retain~~ qualified employees, including the ability to transfer significant internal historical knowledge and expertise to the new employees, ~~may~~ **could result in a loss of momentum, loss of high- level employees to our peers and could materially** adversely affect our ~~ability to manage and operate our~~ business **, results of operations, cash flow and financial condition** . If we are unable to successfully attract and retain an appropriately qualified workforce and maintain satisfactory **labor relations** ~~collective bargaining agreements~~ , safety, service reliability, customer satisfaction and our results of operations could be adversely affected. If we cannot effectively manage new initiatives and organizational changes, we will be unable to address the opportunities and challenges presented by our strategy and the business and regulatory environment. In order to execute on our sustainable growth strategy and enhance our culture of ongoing continuous improvement, we must effectively manage the complexity and frequency of new initiatives and organizational changes. The organizational changes from our transformation initiatives have put short- term pressure on employees due to the volume and pace of change and, in some cases, **the** loss of personnel. Front- line workers are being impacted by the variety of process and technology changes that are currently in progress. If we are unable to make decisions quickly, assess our opportunities and risks, and successfully implement new governance, managerial and organizational processes as needed to execute our strategy in this increasingly dynamic and competitive business and regulatory environment, our financial condition, results of operations and relationships with our business partners, regulators, customers, employees and stockholders may be negatively impacted. Actions of activist stockholders could negatively affect our business and stock price and cause us to incur significant expenses. We may be subject to actions or proposals from activist stockholders or others that may not be aligned with our long- term strategy or the interests of our other stockholders. ~~We have had communications with an activist stockholder.~~ Our response to suggested actions, proposals, director nominations and contests for the election of directors by activist stockholders could disrupt our business and operations, divert the attention of our board of directors, management and employees **,** and be costly and time - consuming. Potential actions by activist stockholders or others may interfere with our ability to execute our strategic plans; create perceived uncertainties as to the future direction of our business or strategy; cause uncertainty with our regulators; make it more difficult to attract and retain qualified personnel; and adversely affect our relationships with our existing and potential business partners. Any of the foregoing could adversely affect our business, financial condition and results of operations. Also, we may be required to incur significant fees and other expenses related to responding to stockholder activism, including for third- party advisors. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any stockholder activism. We outsource certain business functions to third- party suppliers and service providers, and **may be impacted by** substandard performance **or quality** by ~~those~~ third parties ~~could harm our business, reputation and results of operations~~ . Utilities rely on extensive networks of business partners and suppliers to support critical enterprise capabilities across their organizations. Like other companies in the utilities industry, we **outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas. We** are seeing slowing deliveries from suppliers and in some cases materials and labor shortages for capital projects. ~~We outsource certain services to third parties in areas including construction services, information technology, materials, fleet, environmental, operational services, corporate and other areas.~~ In addition to delays and unavailability **,** at times, outsourcing of services to third parties could expose us to inferior service quality or substandard deliverables, which may result in non- compliance (including with applicable legal requirements and industry standards), interruption of service ~~or~~ **,** accidents **,** or reputational harm, which could negatively impact our **business, financial condition and** results of operations. ~~We do not have full~~ **The nature of indirect supply chain, including a potential lack of control or certain** visibility into ~~our supply chain~~ **sourcing by vendors** , ~~which~~ may **also** impact our ability to serve customers in a safe, reliable and cost- effective manner. These risks include the risk of operational failure, reputation damage, disruption due to new supply chain disruptions, exposure to significant commercial losses and fines and poorly positioned and distressed suppliers. If we continue to see delayed deliveries and shortages or if any other difficulties in the operations of these third- party suppliers and service providers, including their systems, were to occur, they could adversely affect our results of operations, or adversely affect our ability to work with regulators, unions, customers **,** or employees. A cyber- attack **or security breach** on any of our or certain third- party technology systems **, including but not limited to information systems, infrastructure, software and hardware,** upon which we rely may adversely affect our ability to operate ~~and~~ **,** could lead to a loss or misuse of confidential and proprietary information **,** or potential liability. We are reliant on technology to run our business, which is dependent upon ~~financial and operational~~ technology systems to process critical information necessary to conduct various elements of our business, including the generation, transmission and distribution of electricity; operation of our gas pipeline facilities; and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. In addition to general information and ~~cyber~~ **cybersecurity** risks that all large corporations face (e. g., ransomware, malware, unauthorized access attempts, phishing attacks, malicious intent by insiders, third- party software vulnerabilities and inadvertent disclosure of sensitive information), the utility industry faces evolving and increasingly complex cybersecurity risks associated with protecting ~~sensitive and confidential customer and employee information,~~ electric grid ~~infrastructure,~~ and natural gas infrastructure **as well as sensitive and confidential customer and employee information** . Deployment of new business technologies, along with maintaining legacy technology, represents a large- scale opportunity for attacks on our information systems and confidential customer and employee information, as well as on the integrity of the energy grid and the natural gas infrastructure. **Increasing large- scale corporate cyber- attacks in conjunction with more sophisticated threats continue to challenge power and utility companies.** Additionally, ~~the~~ **international** ~~conflict~~ **conflicts** ~~between Russia and Ukraine~~ , as well as increased surveillance activity from China, has increased the likelihood of a cyber- attack **or security breach** on critical infrastructure systems. ~~Increasing large- scale corporate attacks in conjunction with more sophisticated threats continue to challenge power and utility companies. Any failure of our technology systems, or those of our customers, suppliers or others with whom we do business, could materially disrupt our ability to operate our business and could result in a financial loss and possibly do harm to our reputation.~~ Additionally, our information systems experience ongoing, often sophisticated, cyber- attacks **or security breaches** by a variety of sources, including foreign sources, with the apparent aim to breach our cyber- defenses. While we have implemented and maintain a cybersecurity program designed to protect our information technology, operational technology, and data systems from such **cyber-** attacks **or security breaches** , our cybersecurity program does not prevent all breaches **, cyber- attack** or ~~cyberattack~~ **security breach** incidents. We have experienced an increase in the number of attempts by external parties to access our networks or our company data without authorization. We have experienced, and expect to continue to experience, ~~cyber~~ **cybersecurity** intrusions and attacks **or security breaches** to our information systems ~~and our operational technology~~ . To our knowledge, none of these intrusions or attacks have resulted in a material cybersecurity intrusion or data breach. The risk of a disruption or breach of our operational technology, or the compromise of the data processed in connection with our operations, through cybersecurity breach or ransomware attack has increased as attempted **cyber-** attacks **or security breaches** have advanced in sophistication and number around the world. Technological complexities combined with advanced cyber- attack **or security breach** techniques, lack of ~~cyber~~ **cybersecurity** hygiene and human error can result in a cybersecurity incident, such as a ransomware attack. Supplier non- compliance with ~~cyber~~ **cybersecurity** controls can also result in a cybersecurity incident. **We are aware of vendor cyber incidents that have impacted our business, although no such events have had a material impact. Cyber-** ~~Attacks~~ **attacks or security breaches** can occur at any point in the supply chain or with any suppliers **, and future supplier non- compliance with cybersecurity controls could result in material cybersecurity incidents** . In addition, **we use** unmanned aircraft systems (UAS) or drones **in our business operations. UASs** are **also** ~~used for various commercial and recreational purposes across the country. The Cybersecurity & Infrastructure Security Agency (CISA) released alerts pertaining to UASs~~ being used for malicious activities and the cybersecurity risk **in connection with operating UASs** is ~~continuing to increase~~ **increasing** . In addition, we collect and retain personally identifiable information of our customers ~~, stockholders~~ and employees. Customers ~~, stockholders~~ and employees expect that we will adequately protect their personal information. The **legal and** regulatory environment surrounding information security and privacy is increasingly demanding. Although we attempt to maintain adequate defenses to these **cyber-** attacks **or security breaches** and work through industry groups and trade associations to identify common threats and assess our countermeasures, a security breach of our information systems ~~and /~~ or operational technology, or a security breach of the information systems of our customers, suppliers or others with whom we do business, could (i) adversely impact our ability to safely and reliably deliver electricity and natural gas to our customers through our generation, transmission and distribution systems and potentially negatively impact our compliance with certain mandatory reliability and gas flow standards, (ii) subject us to reputational and other harm or liabilities associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to our customers or employees, (iii) impact our ability to manage our businesses, and / or (iv) subject us to legal and regulatory proceedings and claims from third parties, in addition to remediation costs, any of which, in turn, could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and / or prospects. Although we do maintain ~~cyber~~ **cybersecurity** insurance, it is possible that such insurance will not adequately cover any losses or liabilities we may incur as a result of a cybersecurity incident. Compliance with and changes in cybersecurity requirements have a cost and operational impact on our business, and failure to comply with such laws and regulations could adversely impact our reputation, results of operations, financial condition and / or cash flows. As cyber- attacks **or security breaches** are becoming more sophisticated, ~~U. S. government warnings have indicated that~~ critical infrastructure assets, including pipelines and electric infrastructure, may be specifically targeted ~~by certain groups~~ . In 2021, the ~~Transportation Security Administration ("~~ TSA ~~")~~ announced two new security directives in response to a ransomware attack on the Colonial Pipeline that occurred earlier in the year. These directives **, including updates or amendments to such TSA directives,** require critical pipeline owners to comply with mandatory reporting measures, designate a cybersecurity coordinator, provide vulnerability assessments, and ensure compliance with certain cybersecurity requirements. ~~Such~~ **NiSource continues to work with the TSA to ensure that compliance with the security** directives **are being met** ~~or other requirements may require expenditure of significant additional resources to respond to cyberattacks, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities~~ . Additionally, on November 30, 2022, the TSA issued an advance notice of proposed rulemaking (ANPRM) seeking public comment on more comprehensive, formal cybersecurity regulations for the pipeline industry. ~~Any~~ **Such directives or additional legal requirements may require expenditure of significant additional resources to respond to cyber- attacks or security breaches, to continue to modify or enhance protective measures, or to assess, investigate and remediate any critical infrastructure security vulnerabilities. Increased costs and the operational impacts of compliance and changes in cybersecurity requirements, including any** failure to comply with ~~such~~ government regulations or **any** failure in our cybersecurity protective measures may result in enforcement actions ~~that~~ **, all of which** may have a material adverse effect on our business, results of operations and financial condition. In addition, there is no certainty that costs incurred related to securing against threats will be recovered through rates. The impacts of natural disasters, acts of terrorism, acts of war, civil unrest,

~~cyber- attacks,~~ accidents, public health emergencies or other catastrophic events may disrupt operations and reduce the ability to service customers. A disruption or failure of natural gas distribution systems, or within electric generation, transmission or distribution systems, in the event of a major hurricane, tornado, **wildfire,** or other major weather event, or terrorist attack, acts of war, **international military invasions,** including the political and economic disruption and uncertainty related to **such terrorist attack, acts of war, or international military invasions (e. g.** Russia' s military invasion of Ukraine, **Israel / Hamas conflict),** civil unrest ~~, cyber- attack (as further detailed above)~~ , accident, public health emergency ~~,~~ **(e. g.** pandemic **)** , or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. We have experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. Also, companies in our industry face a heightened risk of exposure to and have experienced acts of terrorism and vandalism. Our electric and gas physical infrastructure may be targets of physical security threats or terrorist activities that could disrupt our operations. We have increased security given the current environment and may be required by regulators or by the future threat environment to make investments in security that we cannot currently predict. In addition, the supply chain constraints that we are experiencing could impact **our ability to** timely **restore** ~~restoration of~~ services. The occurrence of such events could **materially** adversely affect our **business,** financial position and results of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. **As a result, the amount and scope of insurance coverage maintained against losses resulting from any such event may not be sufficient to cover such losses or otherwise adequately compensate for any business disruptions that could result.** We are exposed to significant reputational risks, which make us vulnerable to a loss of cost recovery, increased litigation and negative public perception. As a utility company, we are subject to adverse publicity focused on the reliability of our services, the speed with which we are able to respond effectively to electric outages, natural gas leaks or events and related accidents and similar interruptions caused by storm damage, physical or ~~cyber security~~ **cybersecurity** incidents, or other unanticipated events, as well as our own or third parties' actions or failure to act. We are subject to prevailing labor markets and potential high attrition, which may impact the speed of our customer service response. We are also facing supply chain challenges, the impacts of which may adversely impact our reputation in several areas as described elsewhere in these risk factors. We are also subject to adverse publicity related to actual or perceived environmental impacts. If customers, legislators or regulators have or develop a negative opinion of us, this could result in less favorable legislative and regulatory outcomes or increased regulatory oversight, increased litigation and negative public perception. The **foregoing** ~~adverse publicity and investigations we experienced as a result of the Greater Lawrence Incident~~ may have ~~an ongoing negative impact on the public' s perception of us. It is difficult to predict the ultimate impact of this adverse publicity. The foregoing may have continuing~~ adverse effects on our business, results of operations, cash flow and financial condition. The physical impacts of climate change and the transition to a lower carbon future are impacting our business and could materially adversely affect our results of operations. Climate change is exacerbating risks to our physical infrastructure by increasing the frequency of extreme weather, including heat stresses to power lines, cold temperature stress to our electric and gas systems, and storms and floods that damage infrastructure. In addition, climate change is likely to cause lake and river level changes that affect the manner in which services are currently provided and droughts or other limits on water used to supply services, and other extreme weather conditions. We have adapted and will continue to evolve our infrastructure and operations to meet current and future needs of our stakeholders. With higher frequency of these and other possible extreme weather events it may become more costly for us to safely and reliably deliver certain products and services to our customers **. Further, as our generation profile increases geographically, it is potentially more vulnerable to certain weather hazards than centralized fossil generation, thereby increasing the frequency of weather impacts to overall electric reliability and such distributed renewables** . Some of these costs may not be recovered. To the extent that we are unable to recover those costs, or if higher rates arising from recovery of such costs result in reduced demand for services, our future financial results may be adversely impacted. Further, as the intensity and frequency of significant weather events increases, insurers may reprice or remove themselves from insuring risks for which the company has historically maintained insurance, resulting in increased cost or risk to us. Our strategy may be impacted by policy and legal, technology, market and reputational risks and opportunities that are associated with the transition to a lower- carbon economy, as disclosed in other risk factors in this section. As a result of increased awareness regarding climate change, coupled with adverse economic conditions, availability of alternative energy sources, including private solar, microturbines, fuel cells, energy- efficient buildings and energy storage devices, and new regulations restricting emissions, including potential regulations of methane emissions, some consumers and companies may use less energy, meet their own energy needs through alternative energy sources or avoid expansions of their facilities, including natural gas facilities, which may result in less demand for our services. As these technologies become a more cost- competitive option over time, whether through cost effectiveness or government incentives and subsidies, certain customers may choose to meet their own energy needs and subsequently decrease usage of our systems and services, which may result in, among other things, our ~~generating~~ facilities becoming less competitive and economical. Further, evolving investor sentiment related to the use of fossil fuels and initiatives to restrict continued production of fossil fuels could result in a significant impact on our electric generation and natural gas businesses in the future **. We are unable to forecast the future of commodity markets** . Some of our baseload generation is dependent on natural gas and coal, and we pass through the costs for these energy sources to our customers. In addition, in our gas distribution business, we procure natural gas on behalf of certain customers, and we pass through the actual cost of the gas consumed. Diminished investor interest in funding fossil fuel development could reduce the amount of exploration and production of natural gas or coal, or investment in gas transmission pipelines. Reduced production and transportation of natural gas could, in the long- term, lead to supply shortages leading to baseload generation outages. Given that we pass through commodity costs to customers, this could also create the potential for regulatory questions resulting from increased customer costs ~~. We are unable to forecast the future of commodity markets~~ , ~~but~~ reduced fossil fuel investment, due to evolving investor sentiment, could lead to higher commodity prices and shortages impacting our generation and our reputation with regulators. Conversely, demand for our services may increase as a result of customer changes in response to climate change. For example, as the utilization of electric vehicles increases, demand for electricity may increase, resulting in increased usage of our systems and services. Any negative views with respect to our environmental practices or our ability to meet the challenges posed by climate change from regulators, customers, investors or legislators could harm our reputation and adversely affect the perceived value of our products and services. Changes in policy to combat climate change, and technology advancement, each of which can also accelerate the implications of a transition to a lower carbon economy, may materially adversely impact our business, financial position, results of operations, and cash flows. For example, in February 2023, the Maryland Office of People' s Counsel filed a petition with the Maryland **PSC** ~~Public Service Commission~~ seeking an investigation regarding planning, practices, and future operations of natural gas suppliers in the state **and this initiated a proceeding related to Near- Term, Priority Actions and Comprehensive, Long- Term Planning for Maryland' s Gas Companies, and in December 2023 the Maryland Department of Environment proposed a Building Efficiency Performance Standard regulation that could require buildings of a certain size and type eliminate Scope 1 GHG emissions by 2040** . We are subject to operational and financial risks and liabilities associated with the implementation and efforts to achieve our carbon emission reduction goals. On November 7, 2022, we announced our goal of reaching net zero Scope 1 and 2 greenhouse gas emissions by 2040 (the " Net Zero Goal "). Achieving the Net Zero Goal will require supportive regulatory and legislative policies, favorable stakeholder environments and advancement of technologies that are not currently economical to deploy, the impacts and costs of which are not fully understood at this time. NIPSCO' s electric generation transition is a key element of the Net Zero Goal. Our analysis and plan for execution, which is outlined in the NIPSCO 2021 Integrated Resource Plan, requires us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our emissions goal could differ materially from our expectations. Certain of the assumptions that could impact our ability to meet our emissions goal include, but are not limited to: the accuracy of current emission measurements, service territory size and capacity needs remaining in line with expectations; regulatory approval; impacts of future environmental regulations or legislation; impact of future GHG pricing regulations or legislation, including a future carbon tax or methane fee; price, availability and regulation of carbon offsets; price of fuel, such as natural gas; cost of energy generation technologies, such as wind and solar, natural gas and storage solutions; adoption of alternative energy ~~by the public~~ , including adoption of electric vehicles; rate of technology innovation with regards to alternative energy resources; our ability to implement our modernization plans for our pipelines and facilities; the ability to complete and implement generation alternatives to NIPSCO' s coal generation and retirement dates of NIPSCO' s coal facilities by 2028; the ability to construct and / or permit new natural gas pipelines; the ability to procure resources needed to build at a reasonable cost, the lack of scarcity of resources and labor, project cancellations, construction delays or overruns and the ability to appropriately estimate costs of new generation; impact of any supply chain disruptions; and advancement of energy efficiencies. Any negative opinions with respect to these goals or our environmental practices, including any inability to achieve, or a scaling back of these goals, formed by regulators, customers, investors or legislators could harm our reputation and have an adverse effect on our financial condition. FINANCIAL, ECONOMIC AND MARKET RISKS We have substantial indebtedness which could adversely affect our financial condition. Our business is capital intensive and we rely significantly on long- term debt to fund a portion of our capital expenditures and repay outstanding debt, and on short- term borrowings to fund a portion of day- to- day business operations. We had total consolidated indebtedness of $ ~~11~~ **14** , ~~315~~ **127** . ~~5~~ **9** million outstanding as of December 31, ~~2022~~ **2023** . Our substantial indebtedness could have important consequences. For example, it could: • limit our ability to borrow additional funds or increase the cost of borrowing additional funds; • reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in the business and the industries in which we operate; • lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business; • place us at a competitive disadvantage compared to competitors that are less leveraged; • increase vulnerability to general adverse economic and industry conditions; and • limit our ability to execute on our growth strategy, which is dependent upon access to capital to fund our substantial infrastructure investment program. Some of our debt obligations contain financial covenants related to debt- to- capital ratios and cross- default provisions. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations **. Additionally, non- compliance with debt covenants could adversely affect our ability to obtain future borrowings and as a result materially adversely affect our business, financial condition, results of operations, and liquidity** . A drop in our credit ratings could adversely impact our cash flows, results of operation, financial condition and liquidity. The availability and cost of credit for our businesses may be greatly affected by credit ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure, earnings profile, and overall shifts in the economy or business environment. We are committed to maintaining investment grade credit ratings; however, there is no assurance we will be able to do so in the future. Our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners, who may be less willing to extend credit or offer us similarly favorable terms as secured in the past under such circumstances. Certain of our subsidiaries have agreements that contain " ratings triggers " that require increased collateral in the form of cash, a letter of credit or other forms of security for new and existing transactions if our credit ratings (including the standalone credit ratings of certain of our subsidiaries) are dropped below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of gas or power. As of December 31, ~~2022~~ **2023** , the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $ ~~85~~ **90** . ~~7~~ **1** million. In addition to agreements with ratings triggers, there are other agreements that contain " adequate assurance " or " material adverse change " provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business. If our or certain of our subsidiaries' credit ratings were downgraded, especially below investment grade, financing costs and the principal amount of borrowings would likely increase due to the additional risk of our debt and because certain counterparties may require additional credit support as described above. Such amounts may be material and could adversely affect our cash flows, results of operations and financial condition. Losing investment grade credit ratings may also result in more restrictive covenants and reduced flexibility on repayment terms in debt issuances, lower share price and greater stockholder dilution from common equity issuances, in addition to reputational damage within the investment community. Adverse economic and market conditions, including ~~increased~~ **increases in** inflation **or** ~~, increases in~~ interest rates, recession or changes in investor sentiment could materially and adversely affect our business, results of operations, cash flows, financial condition and liquidity. Deteriorating, sluggish or volatile economic conditions in our operating jurisdictions could adversely impact our ability to maintain or grow our customer base and collect revenues from customers, which could reduce our revenue or growth rate and increase operating costs. A continued economic downturn or recession, or slowing or stalled recovery from such economic downturn or recession, may have a material adverse effect on our business, financial condition, or results of operations. We rely on access to the capital markets to finance our liquidity and long- term capital requirements, including expenditures for our utility infrastructure and to comply with future regulatory requirements, to the extent not satisfied by the cash flow generated by our operations. We have historically relied on long- term debt and on the issuance of equity securities to fund a portion of our capital expenditures and repay outstanding debt, and on short- term borrowings to fund a portion of day- to- day business operations. Actions to reduce inflation, including raising interest rates, increase our cost of borrowing, which in turn could make it more difficult to obtain financing for our operations or investments on favorable terms. Successful implementation of our long- term business strategies, including capital investment, is dependent upon our ability to access the capital and credit markets, including the banking and commercial paper markets, on competitive terms and rates. An economic downturn or uncertainty, market turmoil, changes in interest rates, changes in tax policy, challenges faced by financial institutions, changes in our credit ratings, or a change in investor sentiment toward us or the utilities industry generally could adversely affect our ability to raise additional capital or refinance debt. For example, because NIPSCO' s current generating facilities substantially rely on coal for its operations, certain financial institutions may choose not to participate in our financing arrangements. In addition, large institutional investors may choose to sell or choose not to purchase our stock due to environmental, social and governance (" ESG ") concerns or concerns regarding renewable energy supply chain challenges. Reduced access to capital markets, increased borrowing costs, and / or lower equity valuation levels could reduce future earnings per share and cash flows. In addition, any rise in interest rates may lead to higher borrowing costs, which may adversely impact reported earnings, cost of capital and capital holdings. If, in the future, we face limits to the credit and capital markets or experience significant increases in the cost of capital or are unable to access the capital markets, it could limit our ability to implement, or increase the costs of implementing, our business plan, which, in turn, could materially and adversely affect our results of operations, cash flows, financial condition and liquidity. ~~The COVID- 19 pandemic has adversely impacted and may continue to adversely impact our business, results of operations, financial condition, liquidity and cash flows. The COVID- 19 pandemic has resulted in widespread impacts on the global economy and financial markets. The duration and ultimate impact of the COVID- 19 pandemic on our business, results of operations and financial condition, including liquidity, capital and financing resources, will depend on numerous evolving factors and future developments, which are highly uncertain and cannot be predicted at this time. Such factors and developments may include the severity and duration of the COVID- 19 pandemic, including whether there are periods of increased COVID- 19 cases; the emergence of other new or more contagious variants that may render vaccines ineffective or less effective; disruption to our operations resulting from employee illnesses or any inability to attract, retain or motivate employees; the development, availability and administration of effective treatment or vaccines and the willingness of individuals to receive a vaccine; the extent and duration of the impact on the U. S. or global economy, including the pace and extent of recovery from the COVID- 19 pandemic; and the actions that have been or may be taken by various governmental authorities in response to the COVID- 19 pandemic.~~ Most of our revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings. Most of our revenues are subject to economic regulation at either the federal or state level. As such, the revenues generated by us are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. Our financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs and investments. As described in more detail in the risk factor below, the outcomes of these proceedings are uncertain, potentially lengthy and could be influenced by many factors, some of which may be outside of our control, including the cost of providing service, the necessity of expenditures, the quality of service, regulatory interpretations, customer intervention, economic conditions and the political environment. Further, the rate orders are subject to appeal, which creates additional uncertainty as to the rates that will ultimately be allowed to be charged for services. The actions of regulators and legislators could result in outcomes that may adversely affect our earnings and liquidity. The rates that our electric and natural gas companies charge their customers are determined by their state regulatory commissions and by the FERC. These **state regulatory** commissions also regulate the companies' accounting, operations, the issuance of certain securities and certain other matters. The FERC also regulates the transmission of electric energy, the sale of electric energy at wholesale, accounting, issuance of certain securities and certain other matters, including reliability standards through the North American Electric Reliability Corporation (NERC). Under state and federal law, our electric and natural gas companies are entitled to charge rates that are sufficient to allow them an opportunity to recover their prudently incurred operating and capital costs and a reasonable rate of return on invested capital, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests. Our electric and natural gas companies are required to engage in regulatory approval proceedings as a part of the process of establishing the terms and rates for their respective services. Each of these companies prepares and submits periodic rate filings with their respective regulatory commissions for review and approval, which allows for various entities to challenge our current or future rates, structures or mechanisms and could alter or limit the rates we are allowed to charge our customers. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who have differing ~~concerns~~ **interests** . Any change in rates, including changes in allowed rate of return, are subject to regulatory approval proceedings that can be contentious, lengthy, and subject to appeal. This may lead to uncertainty as to the ultimate result of those proceedings. Established rates are also subject to subsequent prudency reviews by state regulators, whereby various portions of rates could be adjusted, subject to refund or disallowed, including cost recovery mechanisms. The ultimate outcome and timing of regulatory rate proceedings could have a significant effect on our ability to recover costs or earn an adequate return. Adverse decisions in our proceedings could adversely affect our financial position, results of operations and cash flows. There can be no assurance that regulators will approve the recovery of all costs incurred by our electric and natural gas companies, including costs for construction, operation and maintenance, and compliance with current and future changes in environmental, federal pipeline safety, critical infrastructure and cyber **-** security laws and regulations. Challenges arise with state regulators on inflationary pricing for electric and gas materials and potential price increases, ensuring that updated pricing for electric and gas materials is included in plans and regulatory assumptions, and ensuring there is a regulatory recovery model ~~for emergency inventory stock~~ . There is debate among state regulators and other stakeholders over how to transition to a decarbonized economy and prudency arguments relative to investing in natural gas assets when the depreciable life of the assets may be shortened due to electrification. The inability to recover a significant amount of operating costs could have an adverse effect on a company' s financial position, results of operations and cash flows. Changes to rates may occur at times different from when costs are incurred. Additionally, catastrophic events at other utilities could result in our regulators and legislators imposing additional requirements that may lead to additional costs **or operational requirements** for the companies. In addition to the risk of disallowance of incurred costs, regulators may also impose downward adjustments in a company' s allowed ROE as well as assess penalties and fines. Regulators may reduce ROE to mitigate potential customer bill increases due to items unrelated to capital investments ~~such as potential increases in taxes and incremental costs related to COVID- 19~~ . These actions would have an adverse effect on our financial position, results of operations and cash flows. Our electric business is subject to mandatory reliability and critical infrastructure protection standards established by NERC and enforced by the FERC. The critical infrastructure protection standards focus on controlling access to critical physical and cybersecurity assets. Compliance with the mandatory reliability standards could subject our electric utilities to higher operating costs. In addition, compliance with PHMSA regulations **, including the expected final ruling around leak detection and repair requirements** could subject our gas utilities to higher operating costs **and divert business resources from other activities in order to remain compliant** . If our businesses are found to be in noncompliance, we could be subject to sanctions, including substantial monetary penalties, or damage to our reputation. Changes in tax laws, as well as the potential tax effects of business decisions, could negatively impact our business, results of operations (including our expected project returns from our planned renewable energy projects), financial condition and cash flows. Our business operations are subject to economic conditions in certain industries. Business operations throughout our service territories have been and may continue to be adversely affected by economic events at the national and local level where our businesses operate. In particular, sales to large industrial customers, such as those in the steel, oil refining, industrial gas and related industries, are impacted by economic downturns and recession; geographic or technological shifts in production or production methods; and consumer demand for environmentally friendly products and practices. The U. S. manufacturing industry continues to adjust to changing market conditions including international competition, inflation and increasing costs **, government and societal pressure to decarbonization** , and fluctuating demand for its products. In addition, our results of operations are negatively impacted by lower revenues resulting from higher bankruptcies, predominately focused on commercial and industrial customers not able to sustain operations through the economic disruptions related to the pandemic. We are exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements. Our extension of credit is governed by a Corporate Credit Risk Policy, involves ~~considerable~~ judgment by our employees and is based on an evaluation of ~~a~~ customer **, supplier,** or counterparty' s financial condition, credit history and other factors. We monitor our credit risk exposure by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of our banking partners and other counterparties by reference to market- based metrics such as credit default swap pricing levels, and to traditional credit ratings provided by the major credit rating agencies. Adverse economic conditions **could** result in an increase in defaults by customers, suppliers and counterparties **We are also exposed to the risk that due to adverse economic conditions one or more suppliers or counterparties may fail or delay the performance of their contractual obligations. such risks could negatively impact our business, financial condition and cash flow** . We are a holding company and are dependent on cash generated by our subsidiaries to meet our debt obligations and pay dividends on our stock. We are a holding company and conduct our operations primarily through our subsidiaries, which are separate and distinct legal entities. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to meet our debt obligations or pay dividends on our common stock and preferred stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to us, our ability to service our debt obligations or pay dividends could be negatively affected. ~~The trading prices for our Equity Units, initially consisting of Corporate Units, and related treasury units and Series C Mandatory Convertible Preferred Stock, are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. The trading prices of the Equity Units, initially consisting of Corporate Units, which are listed on the New York Stock Exchange, and the related treasury units and Series C Mandatory Convertible Preferred Stock in the secondary market, are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest~~

~~rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein, many of which events and factors are beyond our control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, treasury units, mandatory convertible preferred stock and our common stock. The early settlement right triggered under certain circumstances and the supermajority rights of the Series C Mandatory Convertible Preferred Stock following a fundamental change, could discourage a potential acquirer. The fundamental change early settlement right with respect to the purchase contracts triggered under certain circumstances by a fundamental change and the supermajority voting rights of the Series C Mandatory Convertible Preferred Stock in connection with certain fundamental change transactions jointly could discourage a potential acquirer, including potential acquirers that would otherwise seek a transaction with us that would be attractive to our investors. Our Equity Units, initially consisting of Corporate Units, and related Series C Mandatory Convertible Preferred Stock, and the issuance and sale of common stock in settlement of the purchase contracts and conversion of mandatory convertible preferred stock, may all adversely affect the market price of our common stock and will cause dilution to our stockholders. The market price of our common stock is likely to be influenced by our Equity Units, initially consisting of Corporate Units, and related mandatory convertible preferred stock. For example, the market price of our common stock could become more volatile and could be depressed by: • investors' anticipation of the sale into the market of a substantial number of additional shares of our common stock issued upon settlement of the purchase contracts or conversion of our mandatory convertible preferred stock; • possible sales of our common stock by investors who view our Equity Units, initially consisting of Corporate Units, or related mandatory convertible preferred stock as a more attractive means of equity participation in us than owning shares of our common stock; and • hedging or arbitrage trading activity that may develop involving our Equity Units, initially consisting of Corporate Units, or related mandatory convertible preferred stock and our common stock. In addition, we cannot predict the effect that future issuances or sales of our common stock, if any, including those made upon the settlement of the purchase contracts or conversion of the mandatory convertible preferred stock, may have on the market price for our common stock. Our Equity Units, initially consisting of Corporate Units, and the issuance and sale of substantial amounts of common stock, including issuances and sales upon the settlement of the purchase contracts or conversion of the mandatory convertible preferred stock, could adversely affect the market price of our common stock and will cause dilution to our stockholders.~~ Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings. The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which **could** fall below our projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or longer life expectancy assumptions, as well as voluntary early retirements. In addition, lower asset returns result in increased expenses. Ultimately, significant funding requirements and increased pension or other postretirement benefit plan ~~expense~~ **expenses** could negatively impact our results of operations and financial position. We have significant goodwill. Any future impairments of goodwill could result in a significant charge to earnings in a future period and negatively impact our compliance with certain covenants under financing agreements. In accordance with GAAP, we test goodwill for impairment at least annually and review our definite- lived intangible assets for impairment when events or changes in circumstances indicate its fair value might be below its carrying value. Goodwill is also tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable **and results in a significant charge to earnings. We cannot predict the timing, magnitude, or duration of such changes. In general, the carrying value of goodwill would not be recoverable, in which case we may record a non- cash impairment charge, which could materially impact our results of operations and financial position** . A significant **impairment** charge in the future could impact the capitalization ratio covenant under certain financing agreements. We are subject to a financial covenant under our revolving credit facility ~~and term credit agreement~~ , which requires us to maintain a debt to capitalization ratio that does not exceed 70 %. As of December 31, ~~2022~~ **2023** , the ratio was 58. ~~9~~ **2** %. LITIGATION, REGULATORY AND LEGISLATIVE RISKS The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations may have a material adverse effect on our results of operations, financial position or liquidity. We are **, or may be,** involved in legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations ~~, including those related to the Greater Lawrence Incident~~ , the most significant of which are summarized in **,** Note 19," Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements. ~~Our~~ **While we have** insurance ~~does~~ **, it may** not cover all costs ~~and~~ **or** expenses ~~that we have~~ incurred relating to **litigation** ~~the Greater Lawrence Incident, and does not fully cover incidents that could occur in the future~~ . Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on our results of operations, financial position or liquidity. ~~The Greater Lawrence Incident has materially adversely affected and may continue to materially adversely affect our financial condition, results of operations and cash flows and we may have continued financial liabilities related to the sale of the Massachusetts Business. In connection with the Greater Lawrence Incident, we have incurred and will incur various costs and expenses. While we have recovered the full amount of our liability insurance coverage available under our policies, total~~

~~expenses related to the incident exceeded such amount. Expenses in excess of our liability insurance coverage have materially adversely affected and may continue to materially adversely affect our results of operations, cash flows and financial position. We may also incur additional costs associated with the Greater Lawrence Incident, beyond the amount currently anticipated, including in connection with civil litigation. Additionally, it may be difficult to determine whether a claim for damages from a third party related to the Massachusetts Business or the Greater Lawrence Incident is our responsibility or Eversource' s, and we may expend substantial resources trying to determine whether we or Eversource has responsibility for the claim. Further, state or federal legislation may be enacted that would require us to incur additional costs by mandating various changes, including changes to our operating practice standards for natural gas distribution operations and safety. In addition, if it is determined in other matters that we did not comply with applicable statutes, regulations or rules in connection with the operations or maintenance of our natural gas system, and we are ordered to pay additional amounts in penalties, or other amounts, our financial condition, results of operations, and cash flows could be materially and adversely affected. Our settlement with the U. S. Attorney' s Office in respect of federal charges in connection with the Greater Lawrence Incident may expose us to further penalties, liabilities and private litigation, and may impact our operations. On February 26, 2020, the Company entered into a DPA and Columbia of Massachusetts entered into a plea agreement with the U. S. Attorney' s Office to resolve the U. S. Attorney' s Office' s investigation relating to the Greater Lawrence Incident, which was subsequently approved by the United States District Court for the District of Massachusetts. The agreements impose various compliance and remedial obligations on the Company and Columbia of Massachusetts. Failure to comply with the terms of these agreements could result in further enforcement action by the U. S. Attorney' s Office, expose the Company and Columbia of Massachusetts to penalties, financial or otherwise, and subject the Company to further private litigation, each of which could impact our operations and have a material adverse effect on our business.~~ Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies **and a failure** ~~. We could be materially adversely affected if we fail~~ to comply with **changes in, or new or different interpretations of,** such laws, regulations, tariffs and policies ~~or with~~ **could have** ~~any~~ - **an** ~~changes in~~ **adverse impact on** ~~or~~ **our business** ~~new interpretations of such laws, regulations, tariffs and policies~~ . Our businesses are subject to various federal, state and local laws, regulations, tariffs and policies, including, but not limited to, those relating to natural gas pipeline safety, employee safety, the environment and our energy infrastructure. In particular, we are subject to significant federal, state and local regulations applicable to utility companies, including regulations by the various utility commissions in the states where we serve customers. These regulations significantly influence our operating environment, may affect our ability to recover costs from utility customers, and cause us to incur substantial compliance and other costs. Existing laws, regulations, tariffs and policies may be revised or become subject to new interpretations, and new laws, regulations, tariffs and policies may be adopted or become applicable to us and our operations. In some cases, compliance with new **or different** laws, regulations, tariffs and policies increases our costs or risks of liability. Supply chain constraints may challenge our ability to remain in compliance if we cannot obtain the materials that we need to operate our business in a compliant manner. If we fail to comply with laws, regulations and tariffs applicable to us or with any changes in or new interpretations of such laws, regulations, tariffs or policies, our financial condition, results of operations, regulatory outcomes and cash flows may be materially adversely affected. Our businesses are regulated under numerous environmental laws and regulations. The cost of compliance with these laws and regulations, and changes to or additions to, or reinterpretations of the laws and regulations, could be significant, and the cost of compliance may not be recoverable. Liability from the failure to comply with existing or changed laws and regulations could have a material adverse effect on our business, results of operations, cash flows and financial condition. Our businesses are subject to extensive federal, state and local environmental laws and rules that regulate, among other things, air emissions, water usage and discharges, **leak detection and repair,** GHG and waste products such as CCR. Compliance with these legal obligations require us to make significant expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees, and permits at many of our facilities. Furthermore, if we fail to comply with environmental laws and regulations or are found to have caused damage to the environment or persons, that failure or harm may result in the assessment of civil or criminal penalties and damages against us, injunctions to remedy the failure or harm, and the inability to operate facilities as designed and intended **. Further, failing to comply with such laws and regulations or a determination that we have caused damage to the environment or persons, could result in reputational damage** . Existing environmental laws and regulations may be revised and new laws and regulations may be adopted or become applicable to us, with an increasing focus on the impact of coal and natural gas facilities that may result in significant additional expense and operating restrictions on our facilities, which may not be fully recoverable from customers and could materially affect the continued economic viability of our facilities. An area of significant uncertainty and risk are potential changes to the laws concerning emission of GHG. While we continue to execute our plan to reduce our Scope 1 GHG emissions through the retirement of coal- fired electric generation, increased sourcing of renewable energy, priority pipeline replacement, leak detection and repair, and other methods, and while we have set a Net Zero Goal, GHG emissions are anticipated to be associated with energy delivery for many years. Future GHG legislation and / or regulation related to the generation of electricity or the extraction, production, distribution, transmission, storage and end use of natural gas could materially impact our gas supply, financial position, financial results and cash flows. Another area of significant uncertainty and risk are the regulations concerning CCR. The EPA has issued regulations and plans to promulgate additional regulations concerning the management, transformation, transportation and storage of CCRs. NIPSCO is also incurring or will incur costs associated with closing, corrective action, and ongoing monitoring of certain CCR impoundments. ~~We have two pending petitions at the Indiana Utility Regulatory Commission (IURC) seeking recovery of ash pond closure costs related to federal regulations governing CCRs at the Michigan City and R. M. Schahfer Generating Stations and believe there is supportive Indiana law authorizing such recovery.~~ Further, a release of CCR to the environment could result in remediation costs, penalties, claims, litigation, increased compliance costs, and reputational damage. We currently have a pending application with the EPA to continue operation of a

CCR impoundment that is tied to operation of R. M. Schahfer Generating Station Units 17 and 18 to the end of 2025, with the CCR impoundment closing by October 2028. In proposed and final EPA actions denying continued operation of CCR impoundments at other utilities, EPA said that CCR impoundments should cease receipt of CCRs within 135 days of final EPA action unless certain conditions are demonstrated, such as potential reliability issues. In the event that approval is not obtained, future operations could be impacted. The actual future expenditures to achieve environmental compliance depends on many factors, including the nature and extent of impact, the method of improvement, the cost of raw materials, contractor costs, and requirements established by environmental authorities. Changes **or increases** in costs and the ability to recover under regulatory mechanisms could affect our financial position, financial results and cash flows. Changes in ~~taxation and~~ **tax laws or** the **interpretation thereof and** ~~ability to quantify such changes as well as~~ challenges to tax positions could adversely affect our financial results. We are subject to taxation by the various taxing authorities at the federal, state and local levels where we do business. Legislation or regulation which could affect our tax burden could be enacted **or interpreted** by any of these governmental authorities. The IRA imposed a 15 percent minimum tax rate on book earnings for corporations with higher than $ 1 billion of annual income, along with a 1 percent excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. ~~We are currently assessing the potential impact of these legislative changes. The outcome of regulatory proceedings regarding the extent to which the effect of a change in corporate tax rate will impact customers and the time period over which the impact will occur could significantly impact future earnings and cash flows.~~ Separately, a challenge by a taxing authority, changes in taxing authorities' administrative interpretations, decisions, policies and positions, our ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax- related assumptions may cause actual financial results to deviate from previous estimates.