

NISOURCE INC/DE

Form 11-K

June 26, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

⌋ ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

⌋ TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-16189

NISOURCE INC.

RETIREMENT SAVINGS PLAN

(Full title of plan)

NISOURCE INC.

(Issuer of the Securities)

801 East 86th Avenue, Merrillville, Indiana 46410

(Address of Principal Executive Office)

NiSource Inc.
Retirement Savings Plan
Employer ID No: 35-2108964
Plan Number: 005

Financial Statements as of December 31, 2017 and 2016 and for the Year Ended December 31, 2017,
Supplemental Schedule as of and for the Year Ended December 31, 2017 and Report of Independent Registered
Public Accounting Firm

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NOTE: Schedules not filed herewith are omitted because of the absence of the conditions under which they are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Participants and Plan administrator of
NiSource Inc. Retirement Savings Plan
Merrillville, Indiana

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the NiSource Inc. Retirement Savings Plan (the "Plan") as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Report on Supplemental Schedule

The supplemental schedule of assets (held at the end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
June 26, 2018

We have served as the auditor of the Plan since 2002.

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Statements of Net Assets Available for Benefits

| December 31, | 2017 | 2016 |
|------------------------------------|-----------------|-----------------|
| Assets: | | |
| Investments - at fair value: | | |
| Mutual funds | \$423,136,700 | \$371,342,349 |
| NiSource Stock Fund | 267,764,881 | 246,685,623 |
| Money market fund | 78,089,245 | 79,250,798 |
| Common collective trusts | 660,949,002 | 529,292,084 |
| Total investments | 1,429,939,828 | 1,226,570,854 |
| Notes receivable from participants | 30,911,621 | 28,393,035 |
| Net Assets Available for Benefits | \$1,460,851,449 | \$1,254,963,889 |

See accompanying notes to financial statements.

Statement of Changes in Net Assets Available for Benefits

| Year ended December 31, | 2017 |
|---|-----------------|
| Additions: | |
| Contributions: | |
| Participant | \$66,657,230 |
| Employer | 35,988,659 |
| Total contributions | 102,645,889 |
| Investment income: | |
| Net appreciation in fair value of investments | 191,688,441 |
| Dividends and interest | 31,670,780 |
| Net investment income | 223,359,221 |
| Interest income on notes receivable from participants | 1,024,191 |
| Total additions | 327,029,301 |
| Deductions: | |
| Benefits paid to participants | 120,980,192 |
| Administrative expenses - net | 77,259 |
| Miscellaneous expense | 84,290 |
| Total deductions | 121,141,741 |
| Increase in Net Assets | 205,887,560 |
| Net Assets Available for Benefits - Beginning of year | 1,254,963,889 |
| Net Assets Available for Benefits - End of year | \$1,460,851,449 |

See accompanying notes to financial statements.

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1. Description of the Plan

NiSource Inc. (the “Company” or “NiSource”) is a holding company whose subsidiaries are fully regulated natural gas and electric utility companies serving nearly 4.0 million customers in seven states. The following description of the NiSource Inc. Retirement Savings Plan (the “Plan”) provides general information regarding the Plan. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General - The Plan is a defined contribution retirement plan available to each eligible employee who works for the Company or any other related employer that adopts the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. The Plan covers collectively bargained employees and non-bargained employees.

Plan Administration - The Company serves as sponsor of the Plan. The NiSource Benefits Committee (the “Committee”), established and maintained by the Company, has administrative and investment responsibilities with respect to the Plan. The Chief Executive Officer of the Company, who has responsibilities in administering the Plan, appoints members of the Committee. Fidelity Management Trust Company (the “Trustee”) holds the Plan’s assets and executes investment transactions. As of December 31, 2017, Plan investments include fourteen mutual funds, one money market fund, sixteen common collective trusts and one common stock fund as investment options for participants.

Contributions - Each year, participants may contribute up to 50% of compensation (as defined by the Plan) on a pre-tax, catch-up, and Roth basis, and up to 25% on an after-tax basis, up to 75% in total (including catch-up contributions), subject to Internal Revenue Code limitations. Participants who are at least 50 years old or will be 50 years old in the Plan year can make catch-up contributions to the Plan. Participants can direct the investment of their contributions into the various investment options offered by the Plan. NiSource does not match on pre-tax catch-up or Roth after-tax catch-up contributions. Some groups are not matched on after-tax contributions, as noted below.

The Company matching contribution formulas are as follows:

a. For the accounts of all participants who are not eligible to participate in any pension plan sponsored by NiSource or any of its subsidiaries (the “NiSource Pension Plans”) (i.e., employees in the “Next Gen” benefit structure), the matching contribution is equal to 50 cents for each \$1 contributed as an elective deferral contribution (pre-tax or Roth) and/or after-tax contribution (a combined total) up to the first 6% of compensation, as defined by the Plan.

b. For the accounts of all participants who participate in the Account Balance II (AB II) option of any of the NiSource Pension Plans that offer such benefit, the matching contribution is equal to \$1 for each \$1 contributed as an elective deferral contribution (pre-tax or Roth) and/or after-tax contribution (a combined total) up to the first 6% of compensation, as defined by the Plan.

c. For the accounts of all participants who participate in the Account Balance I (AB I) option of the NIPSCO Union Pension Plan, the matching contribution is 75 cents for each \$1 contributed as an elective deferral contribution (pre-tax or Roth) and/or after-tax contribution (a combined total) up to the first 6% of compensation, as defined by the Plan.

d. Except as provided in subsection (e) for the accounts of all participants who participate in the Final Average Pay (FAP) option of the NIPSCO Union Pension Plan, the matching contribution is equal to 11.1% of a combined total of pre-tax and Roth contributions made by the participant to the Plan.

e. For the accounts of all employees of NIPSCO who participate in the FAP option of the NIPSCO Union Pension Plan and who are former NIFL Union Employees (as defined therein), the matching contribution is equal to 50 cents for each \$1 contributed as an elective deferral contribution (pre-tax or Roth) up to the first 6% of compensation, as defined by the Plan.

Effective for contributions made before July 1, 2017, the matching contribution was invested directly into the NiSource Stock Fund for all employees other than Bay State Union employees participating in the AB II option of the Bay State Union Pension Plan. Employees could subsequently redirect matching contributions among any of the remaining investment options available in the Plan. Effective on or after July 1, 2017, the matching contribution is invested in cash. The Plan now provides for the investment of such contributions in accordance with the participants’ investment elections or, if none, in the “qualified default investment alternative” subject to collective bargaining.

The Plan allows the Company to make additional discretionary profit sharing contributions to the Plan. Such discretionary contributions are determined and credited in the year following the Plan year. Discretionary contributions of \$4,303,114 were authorized on February 21, 2017, and reported as contributions in the statement of changes in net assets available for benefits for

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the year ended December 31, 2017. Discretionary contributions of \$7,060,733 were authorized on February 20, 2018. Such amounts will be reported as contributions to the Plan in the year authorized and funded.

In lieu of a pension plan, employees in the Next Gen benefit structure receive the Next Gen Employer Contribution under the Plan. The Company makes a Next Gen Employer Contribution in the amount of 3% of compensation, as defined by the Plan, to the account of each employee eligible for this contribution. Next Gen employees are exempt employees hired or rehired on or after January 1, 2010, Northampton and Springfield Clerical/Technical employees hired or rehired on or after January 1, 2011, Columbia Energy Group union, non-exempt non-union, Brockton Operating and Lawrence employees hired or rehired on or after January 1, 2013, Brockton Clerical/Technical employees hired or rehired after June 1, 2013 and Springfield Utility employees hired or rehired after January 1, 2014. Prior to July 1, 2017, the Next Gen Employer Contribution was invested directly into the NiSource Stock Fund. Employees could subsequently redirect these contributions among any of the remaining investment options available in the Plan. Effective on or after July 1, 2017, the Next Gen Employer Contribution is invested in cash. The Plan now permits the investment of such contributions in accordance with the participants' investment elections or, if none, in the "qualified default investment alternative" subject to collective bargaining.

Automatic Enrollment - Certain newly hired or rehired employees are automatically enrolled into the Plan at a 6% pre-tax contribution level after 30 days of hire. The new hire has the option to stop or change the contribution percentage at any time. Certain collectively-bargained employees are subject to the automatic enrollment provisions of the Plan as negotiated between the applicable union and the Company.

Rollovers from Other Qualified Employer Plans - The Plan allows for employees to transfer certain of their other qualified employer retirement plan assets to the Plan. These amounts are reflected in participant contributions in the accompanying statement of changes in net assets available for benefits.

Participant Accounts - Individual accounts are maintained for each participant of the Plan. Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and Plan earnings, and is charged with withdrawals and an allocation of Plan losses and certain administrative expenses. Allocations are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Except as otherwise noted above, contributions to the Plan are invested as directed by the participant in various investment funds. Participants must evaluate their own investment goals and objectives and choose the investments best suited to achieve those goals and objectives. Poor investment performance by the investment funds selected by the participants may cause their vested balances to be lower than the amounts contributed to the Plan on their behalf.

Vesting - Participants are fully vested in their accounts at all times.

Notes Receivable from Participants - Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is less. The loans are secured by the vested balance in the participant's account and bear interest at prime rate on the last day of the month prior to loan initiation. Interest rates on outstanding loans ranged from 3.25% to 10.5% at both December 31, 2017 and 2016. Participants may have a maximum of two loans outstanding at any given time. Principal and interest are paid ratably through payroll deductions over a period not to exceed five years, unless the loan is to purchase the participant's primary residence which allows repayment up to 15 years (30 years prior to January 1, 2002). Loan repayments may be suspended for up to one year during periods of authorized leave due to long-term disability. Loan repayments may also be suspended during periods of qualified military service. Participants who terminate employment with an outstanding Plan loan may make loan repayments through direct payments from their personal bank accounts. If the participant does not make arrangements with the Trustee after termination/retirement, the outstanding loan is subject to default and the participant could face tax consequences as a result.

Participant Distributions - Distributions from the Plan are generally permitted when the participant terminates employment, retires, or becomes permanently disabled. The Plan offers the following options for withdrawals while still employed:

- Age 59½ withdrawals;
- Voluntary withdrawals from after-tax, rollover, profit sharing and matching contributions;

- Withdrawals during military service; and
- Hardship withdrawals, subject to Plan rules for such withdrawals.

A hardship withdrawal shall result in the suspension of the participant's deferral and related Company matching contributions for six months.

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Payment of Benefits - If the amount payable under the Plan to any participant or beneficiary is \$1,000 or less, the Plan administrator will direct such amount to be paid in a lump sum. If the participant's account balance exceeds \$1,000 but does not exceed \$5,000 and the participant does not elect to have such distribution paid to another qualified plan or does not elect to receive a distribution directly, the distribution will be paid as a direct rollover to an individual retirement account designated by the Plan administrator. All other distributions at the election of participants shall be in the form of a full or partial lump sum, or in annual, semi-annual, quarterly or monthly installments.

Plan Amendment - The following amendment became effective during the year ended December 31, 2017:

Removal of Investment Requirement - Effective July 1, 2017, the Plan no longer requires that specific employer contributions for non-union participants in the Plan be invested in the NiSource Stock Fund investment option of the Plan at the time of contribution. The Plan now permits the investment of such contributions in accordance with the individual participant's investment elections or, if none, in the "qualified default investment alternative subject to collective bargaining".

2. Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Payment of Benefits - Benefits are recorded when paid. There were no participants who have elected to withdraw from the Plan but have not yet been paid at either December 31, 2017 or 2016.

Investments - The investments of the Plan are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). See Note 3 for a discussion of fair value measurements. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Purchases and sales of investments are reflected on a trade-date basis.

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Management fees and other operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Risks and Uncertainties - The Plan provides various investment options to its participants. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and market risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the value of the participants' account balances and the amounts reported in the financial statements.

Notes Receivable from Participants - Loans to participants are recorded at the unpaid principal balances plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan.

NiSource Stock Fund

Employee Stock Ownership Plan - The NiSource Stock Fund operates as an Employee Stock Ownership Plan ("ESOP"). As an ESOP, under the terms of the Plan, participants may diversify their investment attributable to employer match at any time. Participants may also elect to have dividends paid to them in cash or reinvested in the fund.

Voting and Tending Rights of NiSource Stock Fund Participants - Each participant in the NiSource Stock Fund is entitled to direct the Trustee as to the manner of voting at each meeting of shareholders. A participant's interest is represented by the value of the participant's interest in the NiSource Stock Fund.

Payment of Benefits - Any distribution consisting of units in the NiSource Stock Fund may be paid in cash or in whole shares of common stock represented by such units plus a cash amount equal to the fair market value of any fraction of a share of the NiSource Stock Fund.

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Administrative Expenses - Administrative expenses of the Plan are paid primarily by the Company. Certain other expenses of the Plan, such as investment manager and broker fees, are paid by the Plan. Certain loan administration fees are paid from the individual participant accounts. Administrative expenses for 2017 are reported net of revenue credits of \$161,250. The revenue credit relates to a portion of fees paid by certain investment managers and shared with the Plan record keeper and used to offset the normal cost of general Plan recordkeeping and administration. When those shared fees exceed the normal recordkeeping and administrative costs, the record keeper returns those funds to the Plan in the form of a revenue credit, which may be used to pay certain qualified Plan expenses.

Subsequent Events - Subsequent events have been evaluated through June 26, 2018 which is the date the financial statements were available to be issued.

3. Fair Value Measurements

The Fair Value Measurement and Disclosure Requirements, Topic 820 of the FASB Accounting Standards Codification, established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Basis of Fair Value Measurement

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Plan management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan's policy is to recognize significant transfers between levels of the fair value hierarchy at the actual date of the event. During the year ended December 31, 2017, the Plan had no transfers in or out of Levels 1, 2, or 3.

The following tables set forth, by level within the fair value measurements hierarchy, the Plan's investment assets at fair value as of December 31, 2017 and 2016. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In accordance with GAAP, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value measurements hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

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| | Total | Measurements at December 31, 2017 | | |
|---|-----------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments at fair value: | | | | |
| Mutual funds | \$423,136,700 | \$423,136,700 | \$— | \$ — |
| NiSource Stock Fund | 274,286,815 | 6,521,934 | 267,764,881 | — |
| Money market fund | 71,567,311 | 71,567,311 | — | — |
| Total investments in the fair value hierarchy | \$768,990,826 | \$501,225,945 | \$267,764,881 | \$ — |
| Investments at net asset value: | | | | |
| Common collective trusts measured at NAV | 660,949,002 | | | |
| Total investments | \$1,429,939,828 | | | |

| | Total | Measurements at December 31, 2016 | | |
|---|-----------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments at fair value: | | | | |
| Mutual funds | \$371,342,349 | \$371,342,349 | \$— | \$ — |
| NiSource Stock Fund | 246,685,623 | — | 246,685,623 | — |
| Money market fund | 79,250,798 | 79,250,798 | — | — |
| Total investments in the fair value hierarchy | \$697,278,770 | \$450,593,147 | \$246,685,623 | \$ — |
| Investments at net asset value: | | | | |
| Common collective trusts measured at NAV | 529,292,084 | | | |
| Total investments | \$1,226,570,854 | | | |

Asset Valuation Techniques

Level 1 Measurements - Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The money market fund is stated at cost, which approximates fair value.

Level 2 Measurements - The NiSource Stock Fund is tracked on a unitized basis and includes NiSource Inc. common stock and a short-term investment fund. The value of a unit reflects the combined fair value of NiSource Inc. common stock, valued at its quoted market price, and the short-term investment fund. Redemptions are available on a daily basis without notice, but are subject to the availability of sufficient short-term investments used for liquidity.

Measurements Using Net Asset Value as Practical Expedient - The Plan's common collective trust investments are presented at fair value using the net asset value practical expedient in the statements of net assets available for benefits at both December 31, 2017 and 2016. The following table summarizes the common collective trusts measured at net asset value per share as of December 31, 2017 and 2016:

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| | Fair Value at December 31, 2017 | Fair Value at December 31, 2016 | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|--|---------------------------------------|---------------------------------------|---|-----------------------------|
| Target Date commingled pools | \$436,262,459 | \$353,342,123 | Daily | 1 day |
| Fidelity Contrafund Commingled Pool | 69,704,963 | 53,582,349 | Daily | 1 day |
| Fidelity Growth Company Commingled Pool | 124,461,869 | 91,912,371 | Daily | 1 day |
| Fidelity Managed Income Portfolio | 30,519,711 | 30,455,241 | Daily | 12 months |
| Total common collective trusts | \$660,949,002 | \$529,292,084 | | |

4. Exempt Party-In-Interest Transactions

Certain Plan investments represent shares of mutual funds and common collective trusts managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the Trustee, as defined by the Plan; therefore, these transactions qualify as party-in-interest transactions.

Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

At December 31, 2017 and 2016, the Plan held 25,049,024 and 26,049,168 units, respectively, of the NiSource Stock Fund, with a cost basis of \$164,406,813 and \$155,019,583 respectively. The NiSource Stock Fund includes 10,492,117 and 10,960,143 shares at December 31, 2017 and 2016, respectively, of common stock of the Company, the Plan Sponsor, with a cost basis of \$148,751,342 and \$139,647,276 respectively. During the year ended December 31, 2017, the Plan recorded \$7,469,324 of dividend income for the common stock.

5. Fidelity Managed Income Portfolio

The Plan participates in a fully benefit-responsive investment contract, the Fidelity Managed Income Portfolio, which is a common collective trust. The beneficial interest of each participant is represented by units. Units are issued and redeemed daily at the trust's constant net asset value ("NAV") of \$1 per unit. Distribution to the trust's unit holders is declared daily from the net investment income and automatically reinvested in the trust on a monthly basis, when paid. It is the policy of the trust to use its best efforts to maintain a stable net asset value of \$1 per unit, although there is no guarantee that the trust will be able to maintain this value. The fair value is calculated using NAV in the statements of net assets available for benefits.

Certain events impact the ability to transact at contract value, such as partial or complete termination of the Plan or its merger with another plan, plant closings, layoffs, bankruptcy, mergers, early retirement incentives, and certain transfers of assets from the fund. The Plan administrator believes such events that would limit the Plan participants' ability to transact at contract value with the Fidelity Managed Income Portfolio are not probable of occurring.

6. Plan Termination

Although it has not expressed any intention to do so, the Company reserves the right under the Plan document to terminate the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, the rights of each participant to all amounts then credited to the participant's account will continue to be non-forfeitable.

7. Tax Status

The Internal Revenue Service (the "IRS") has determined and informed the Company by a letter dated April 20, 2016, that the Plan and underlying trust qualify under the applicable regulations of the Internal Revenue Code (the "IRC"). The Company and Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and therefore believe that the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in

progress. The Plan administrator believes that the Plan is not subject to income tax examinations for years prior to 2012.

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Accounting principles generally accepted in the United States of America require the Plan to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

8. Concentration of Investments

The Plan has a significant portion of its assets invested in NiSource Stock Fund at December 31, 2017 and 2016. Such investments represented 19% and 20% of the Plan's total investment assets at fair value at December 31, 2017 and 2016, respectively.

9. Nonparticipant-Directed Investments

The Plan's investment in NiSource Stock Fund includes both participant-directed and nonparticipant directed transactions. Information about the NiSource Stock Fund and the significant components of the changes in the NiSource Stock Fund are as follows as of December 31, 2017 and 2016, and for the year ended December 31, 2017:

| | |
|---|---------------|
| NiSource Stock Fund - beginning of year | \$246,685,623 |
| Changes in net assets: | |
| Net appreciation in fair value of investments | 39,081,605 |
| Dividends | 7,566,706 |
| Participant contributions | 6,275,762 |
| Employer contributions | 24,164,538 |
| Loans (issued) repaid - net | 505,245 |
| Interest on loans | 404,028 |
| Benefits paid to participants | (24,027,393) |
| Administrative fees | (24,791) |
| Other adjustments | (98,816) |
| Transfers to participant-directed investments - net | (26,245,692) |
| Net Change | 27,601,192 |
| NiSource Stock Fund - end of year | \$274,286,815 |

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FORM: 5500 Schedule H, Part IV, Line 4i
EMPLOYER ID NO: 35-2108964, PLAN No: 005

Schedule of Assets (Held at End of Year)

As of December 31, 2017

| Identity of Issuer, Borrower, Lessor, or Similar Party | Description of Investment, Including Maturity Date, Rate of Interest, Collateral and Par or Maturity Value | Cost** | Fair Value |
|--|--|----------------|------------------|
| * NiSource Inc. | NiSource Stock Fund | \$ 157,884,879 | \$ 267,764,881 |
| * Fidelity | Money Market Government Portfolio | 6,521,934 | 6,521,934 |
| Vanguard | Federal Money Market Fund | | 71,567,311 |
| * Fidelity | Managed Income Portfolio | | 30,519,711 |
| * Fidelity | Balanced Fund | | 47,927,912 |
| American Funds | EuroPacific Growth Fund | | 41,095,643 |
| Columbia | Acorn USA Z | | 12,720,367 |
| * Fidelity | Contrafund Commingled Pool | | 69,704,963 |
| * Fidelity | Equity Income Fund | | 19,786,897 |
| * Fidelity | Growth Company Commingled Pool | | 124,461,869 |
| Oakmark | Oakmark International Fund | | 18,397,861 |
| MFS | Massachusetts Investors Trust | | 20,951,818 |
| Invesco | U.S. Small Cap Value Fund | | 23,957,538 |
| Northern Funds | Small Cap Value Fund | | 8,444,840 |
| Janus Henderson | Small Cap Value Fund | | 20,979,699 |
| * Fidelity | FIAM Target Date Income Commingled Pool | | 4,864,448 |
| * Fidelity | FIAM Target Date 2005 Commingled Pool | | 976,594 |
| * Fidelity | FIAM Target Date 2010 Commingled Pool | | 9,455,805 |
| * Fidelity | FIAM Target Date 2015 Commingled Pool | | 16,203,954 |
| * Fidelity | FIAM Target Date 2020 Commingled Pool | | 106,545,541 |
| * Fidelity | FIAM Target Date 2025 Commingled Pool | | 65,961,835 |
| * Fidelity | FIAM Target Date 2030 Commingled Pool | | 81,864,441 |
| * Fidelity | FIAM Target Date 2035 Commingled Pool | | 29,112,020 |
| * Fidelity | FIAM Target Date 2040 Commingled Pool | | 49,137,078 |
| * Fidelity | FIAM Target Date 2045 Commingled Pool | | 24,440,191 |
| * Fidelity | FIAM Target Date 2050 Commingled Pool | | 32,949,770 |
| * Fidelity | FIAM Target Date 2055 Commingled Pool | | 13,534,841 |
| * Fidelity | FIAM Target Date 2060 Commingled Pool | | 1,215,941 |
| * Fidelity | Fidelity 500 Index Fund | | 111,585,141 |
| * Fidelity | International Index Fund | | 7,017,136 |
| * Fidelity | Extended Market Index Fund | | 17,774,865 |
| Vanguard | Total Bond Market Index Fund | | 64,673,112 |
| Vanguard | Inflation Protected Securities Fund | | 7,823,871 |
| * Various plan participants | Participant loans, with interest rates ranging from 3.25% to 10.50%, and maturity dates ranging from 2018 to 2032. | | 30,911,621 |
| Total Assets (Held at End of Year) | | | \$ 1,460,851,449 |

* Denotes a party-in-interest

** Cost omitted for participant-directed investments

See Report of Independent Registered Public Accounting Firm

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NISOURCE INC.
RETIREMENT SAVINGS PLAN

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

NiSource Inc. Retirement Savings Plan
(Name of Plan)

Date: June 26, 2018 /s/Shawn Anderson
Shawn Anderson
V.P., Treasurer & Chief Risk Officer NiSource Inc.
Member, Administrative Committee

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NISOURCE INC.
RETIREMENT SAVINGS PLAN

Each of the undersigned, in his capacity as an officer of NiSource Inc., hereby certifies as required by 18 U.S.C. ss.1350, that, to his knowledge, the accompanying annual report on Form 11-K of the NiSource Inc. Retirement Savings Plan for the fiscal year ended on December 31, 2017 fully complies with the requirements of 15 U.S.C. ss.78m and that the information contained in the accompanying annual report fairly presents, in all material respects, the net assets of the Plan available for benefits and changes in those net assets.

| | |
|---|--|
| /s/Joseph Hamrock | /s/Donald E. Brown |
| Joseph Hamrock | Donald E. Brown |
| President, Chief Executive Officer and Director | Executive Vice President and Chief Financial Officer |

NISOURCE INC.
RETIREMENT SAVINGS PLAN

Exhibit Description of Item

23.1 Consent of Independent Registered Public Accounting Firm

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