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IURC APPROVES NIPSCO ELECTRIC RATE SETTLEMENT

New rates are far less than original proposal; provide platform for continued improvements

MERRILLVILLE, Ind. – The Indiana Utility Regulatory Commission (IURC) has approved a collaborative settlement reached in July by NIPSCO, the Indiana Office of Utility Consumer Counselor (OUCC), NIPSCO’s industrial customers and a coalition of eight northern Indiana Municipalities regarding new rates for its more than 457,000 electric customers across northern Indiana.

The newly approved electric base rates – which have not been modified in 24 years – are being updated to reflect investments made to improve service reliability and environmental technology, including the \$330 million purchase of the highly efficient Sugar Creek natural gas-fired power plant in West Terre Haute, Ind., as well as costs associated with customer growth, system upgrades and ongoing maintenance.

A residential electric customer using 688 kilowatt hours a month on average will see a 4.5 percent base rate increase (or \$3.33 per month). This effective change is half of the request NIPSCO filed in 2010 and three times less than what was approved by the IURC in the company’s 2008 case but never applied to customer bills.

Residential Electric Customer Bill Impact				
Monthly Usage (kilowatt hours)	Current Bill	Proposed Bill	Increase Amount	Percent Increase
Average 688	\$74.88	\$78.21	\$3.33	4.45%

The newly approved electric rates are expected to take effect immediately.

“This decision is a pivotal step in furthering our commitment to enhance reliability and customer service for our customers, while providing a modern energy infrastructure to support northern Indiana jobs and economic growth,” NIPSCO CEO, Jimmy Staton said. “The approved settlement also helps provide families, businesses and industries with the reliable, affordable and environmentally sustainable energy they need now and in the future.”

Customer benefits from decision

The decision reflects a number of benefits to customers, including:

- A lower bill increase than what was originally requested
- A platform for ongoing NIPSCO investments in improving customer service, reliability and environmental technology.
- NIPSCO-funded rebates to convert electric furnaces to more efficient natural gas units.
- Resolution of Municipality Group’s concerns regarding rates for streetlights and traffic lights.

- An expanded interruptible service program for NIPSCO's largest industrial customers. This voluntary program ultimately benefits all customers by meeting near-term and planned system energy needs, including periods of peak demand when market prices are high.

“While providing a much smaller base rate increase than originally requested, this agreement ensures NIPSCO will be able to continue making the infrastructure investments that will be needed for safe, reliable service,” said Indiana Utility Consumer Counselor David Stippler. “I am pleased that the OUCC, NIPSCO and other settling parties were able to work together to reach a balanced resolution to this extremely complicated litigation.”

“We believe the concerns raised by the local municipalities were addressed through this process, which was both open and collaborative,” said Michael Griffin, representing the coalition of northern Indiana municipalities, including Dyer, East Chicago, Griffith, Highland, Munster, Schererville, Valparaiso, and Winfield. “This agreement provides a reasonable solution for local communities across northern Indiana working hard to manage very tight and resource-challenged budgets.”

Maintaining electric rates below the U.S. average

NIPSCO anticipates that the decision will help the company maintain electric rates below the national average. According to the most recent Edison Electric Institute’s survey of electric rates, NIPSCO’s residential, commercial and industrial electric rates are below the average price nationally for electricity and near the Indiana average.

Natural gas rates and charges are not at issue in this case.

A copy of the IURC’s decision will be available on the IURC’s electronic document system by visiting <https://myweb.in.gov/IURC/eds/> and searching for Cause No. 43969. It will also be available on the OUCC Website at www.in.gov/oucc/2643.htm.

For more information about NIPSCO’s rates and this filing, customers are encouraged to visit NIPSCO.com and the OUCC’s Website at www.IN.gov/OUCC.

NIPSCO, with headquarters in Merrillville, Ind., is one of the seven energy distribution companies of NiSource Inc. (NYSE: NI). With more than 786,000 natural gas customers and 457,000 electric customers across the northern third of Indiana, NIPSCO is the largest natural gas distribution company, and the second largest electric distribution company, in the state. NiSource distribution companies serve 3.8 million natural gas and electric customers primarily in seven states. More information about NIPSCO is available at www.nipsco.com.

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC’s mission is to represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving. To learn more, visit www.IN.gov/OUCC.

Forward-Looking Statements: Some of the statements provided herein include forward-looking information, in addition to historical information. Readers should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized including, but not limited to weather, fluctuations in supply and demand for energy commodities, the success of regulatory and commercial initiatives, dealings with their parties over whom NIPSCO has no control, actual operating experience of NIPSCO assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the “Risk Factors” section of NiSource’s 2010 Form 10-K and 2011 Forms 10-Q. Such factors could cause actual results to differ materially from those projected. All such forward-looking statements are expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially. NiSource Inc. expressly disclaims a duty to update any of the forward-looking statements contained in this release.

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