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NIPSCO electric order reflects company's investment in Northern Indiana; lays groundwork for continued improvements

MERRILLVILLE, Ind., Aug. 25, 2010 – Northern Indiana Public Service Company (NIPSCO) electric rates will be updated to reflect investments in reliability, environmental technology and other infrastructure improvements, according to an order issued Wednesday by the Indiana Utility Regulatory Commission (IURC).

The IURC's decision marks completion of a rate review that began in August 2008 – NIPSCO's first electric base rate case in more than 20 years. The case addressed a wide range of topics, including:

- NIPSCO's investments in system 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.
- Costs associated with customer growth, system upgrades and ongoing maintenance to support northern Indiana's energy infrastructure.
- Establishing more contemporary rate structures to support enhanced energy efficiency and customer assistance programs.

According to calculations by the IURC, NIPSCO residential electric customers will experience an approximate increase of about 10 percent. The actual impact on individual customer rates will be determined after NIPSCO files a revised cost-of-service study and new schedule of rate charges. NIPSCO has 30 days from today to file the revised information with the Commission.

"Receipt of this IURC order is a key milestone in NIPSCO's efforts to enhance reliability and customer service, while providing a modern energy infrastructure that will support northern Indiana jobs and economic growth," NIPSCO CEO Jimmy Staton said. "This ruling sets the stage for our ongoing commitment to northern Indiana, which includes offering new customer programs and making ongoing system investments to benefit all our customers."

Staton noted that the IURC order provides a straightforward assessment of operational and customer service challenges, noting that these have been key areas of ongoing focus for the company.

"Improving customer service, increasing responsiveness, and enhancing the reliability of Indiana's energy infrastructure have been key areas of focus for NIPSCO," Staton said. "We have made recent progress in all of these areas, and the Commission has acknowledged our positive efforts. However, we know additional work remains. Our entire team embraces that challenge, and is committed to delivering material improvements in those key areas as we move forward."

Staton acknowledged that any rate increase is meaningful to customers, and that NIPSCO will continue to work collaboratively with all stakeholders to develop programs that help customers conserve energy and manage monthly bills. As part of that effort, NIPSCO plans to make another electric rate filing with the IURC later this year to propose new customer programs and update electric rates to reflect more recent operating costs and usage levels. The company has not yet determined potential customer rate impacts associated with that filing.

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NIPSCO, with headquarters in Merrillville, Ind., is one of the nine energy distribution companies of NiSource Inc. (NYSE: NI). With more than 712,000 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.

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 the success of regulatory initiatives, the regulatory process, regulatory and legislative changes, as well as the items discussed in the "Risk Factors" section of NiSource Inc.'s 2009 Form 10-K. 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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