

FOR IMMEDIATE RELEASE:

Nov. 4, 2010

NEWS MEDIA CONTACTS:

NIPSCO: Nick Meyer, (219) 647-6556

OUCC: Anthony Swinger, (317) 233-2747

IURC APPROVES NIPSCO NATURAL GAS RATE SETTLEMENT
Ruling results in overall rate decrease

INDIANAPOLIS – The Indiana Utility Regulatory Commission (IURC) today approved a settlement agreement reached by Northern Indiana Public Service Company (NIPSCO), the Indiana Office of Utility Consumer Counselor (OUCC) and other key customer stakeholders to resolve NIPSCO’s pending natural gas rate case. The settlement – filed on Aug. 24 – was also signed and agreed upon by the NIPSCO Industrial Group, the NIPSCO Marketer Group and Citizens Action Coalition of Indiana.

The settlement slightly decreases overall rates for all NIPSCO natural gas customer classes while providing continued strong support for low-income customer assistance, energy efficiency and conservation programs.

The newly approved gas base rates should be implemented in the November billing cycle and will be reflected in the gas delivery portion of customer bills.

The settlement delivers not only lower rates but also new customer assistance programs to be in place for the current winter heating season.

“We are pleased with the Commission’s decision, which recognizes the efforts taken by all the parties involved to develop a constructive and customer-focused solution that serves the interests of customers and the public at large,” NIPSCO CEO Jimmy Staton said. “This approval provides a solid platform for continued enhancements to customer service, reliability and our ongoing investment in Indiana’s energy infrastructure. Additionally, this outcome upholds our commitment to offering affordable and competitive gas rates in Indiana, which helps attract and expand businesses here in northern Indiana.”

“The agreement approved today will give customers an overall rate decrease while preserving funding for low-income assistance during these difficult economic times,” said Indiana Utility Consumer Counselor David Stippler. “We received a great deal of helpful consumer input in this case and are very pleased with today’s outcome.”

“The issuance of this order provides much needed rate relief and improvements to payment assistance the CAC has supported for some time,” said Citizens Action Coalition of Indiana Executive Director Grant Smith. “It also offers a reasonable solution to reducing seasonal volatility and a process for continuing gas efficiency programs. It shows what can be achieved when ratepayers and utilities work collaboratively.”

-more-

IURC APPROVES NEW NIPSCO GAS RATES

Page 2 of 2

Key provisions approved by the IURC include:

- NIPSCO will reduce its overall natural gas rates by \$14.8 million, based on a \$5 million reduction for residential customers and a \$9.8 million reduction for commercial and industrial customers.
- For NIPSCO's 660,000 residential natural gas customers, the reduction equates to a savings of approximately \$7.50 annually per customer. Rates for commercial and industrial classes will also be lower.
- NIPSCO will adjust its rate design for the residential class to reduce seasonal volatility in customer bills and support energy conservation. This change helps separate fixed monthly service costs from variable, usage-driven costs, allowing customers to better track and manage energy usage. This design will result in an increase to the utility's monthly gas delivery/service charge from \$6.36 to \$11.00. However, reductions to the base rate's volumetric charges will offset the change in the flat monthly delivery/service charge, especially during the winter months.
- NIPSCO will revise its low-income customer assistance program to make it similar in design to the Universal Service Program currently in place for Citizens Gas and Vectren Energy Delivery, and at the same funding level it contributes to the current Winter Warmth program. NIPSCO will contribute 25 percent of the program's costs, which under current usage levels total approximately \$1.5 million. The first \$500,000 of NIPSCO's funding will be used to continue a hardship program for non-eligible Low-Income Home Energy Assistance Program customers.
- NIPSCO will continue to offer a variety of natural gas energy efficiency and conservation programs. NIPSCO currently provides \$1 million in annual funding for these programs and will provide an additional \$1 million in funding for future extensions or enhancements to the programs within 30 days following the issuance of the order approving the settlement.
- The settlement addresses a number of additional natural gas rate related matters, including revision to NIPSCO's depreciation and amortization expense levels, regulatory treatment of Alternative Regulatory Plan (ARP) revenues and other items.

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.

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.

Citizens Action Coalition of Indiana is a statewide nonprofit, nonpartisan, member-based organization that was founded in 1974 and represents residential consumers before the Indiana Utility Regulatory Commission and Indiana General Assembly on utility, energy, environmental and health care policy issues. CAC is located at: 603 E. Washington St., Suite 502; Indianapolis, IN 46204; 317-205-3535. (www.cictact.org)

###