



NIPSCO FILES NEW ELECTRIC RATE CASE

Frequently Asked Questions

*Delivering Clean, Reliable and Affordable Energy
Supporting Indiana Jobs and Economic Growth
Helping Customers Manage Energy Use and Save Money*

Powering Life in Northern Indiana

On Nov. 19, 2010, NIPSCO filed a new electric rate case with the Indiana Utility Regulatory Commission (IURC) that, if approved, would lessen bill impacts on residential customers and address a number of concerns expressed by customers regarding the company's currently pending electric rate increase.

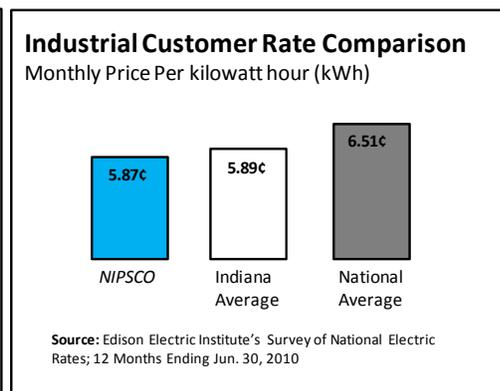
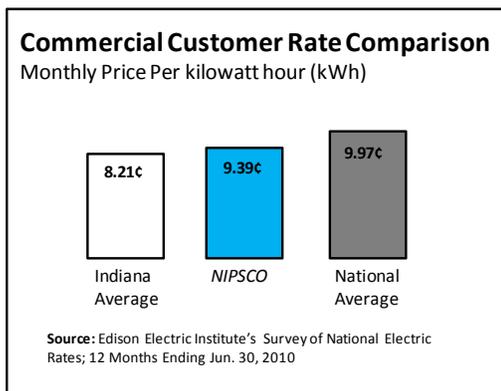
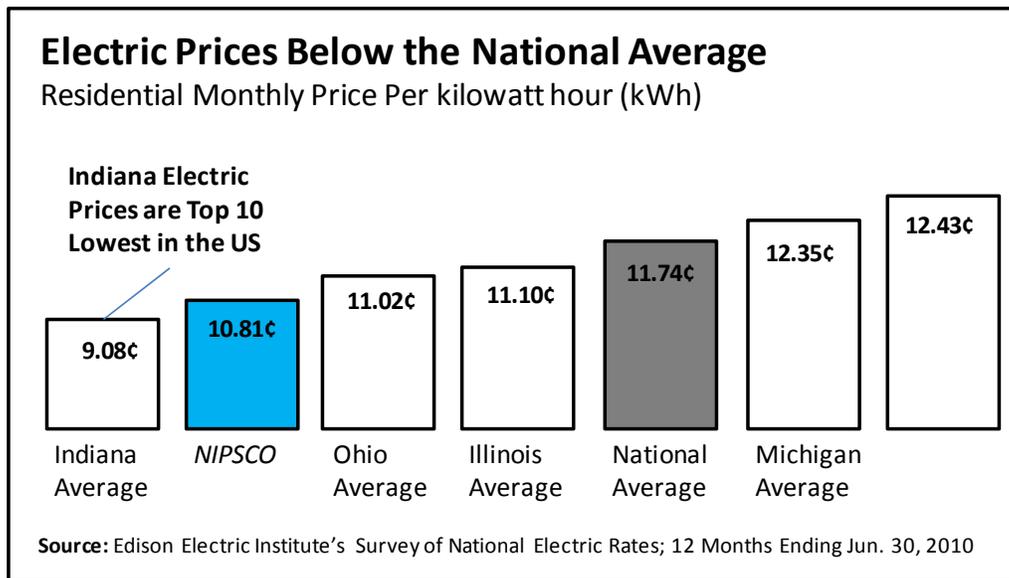
- 1. How does this relate to your last electric rate case? Is this increase in addition to that one?** This is a separate, stand-alone rate case using our existing electric rates as a starting point – not the rates approved this summer, which have not yet been applied to bills. If approved, these newly-filed electric rates would replace existing rates, and they would not be in addition to the increase authorized in our 2008 rate case.

Residential Customer Bill Impact				
Monthly Usage (kilowatt hours)	Current Bill	Proposed Bill	Increase Amount	Percent Increase
Average 688	\$74.88	\$80.82	\$5.94	7.94%

- 2. Are the electric rates that were approved by the IURC in August in effect today?** No. The IURC order is under review and NIPSCO will not implement new electric rates until that has concluded, which is expected during the first quarter of 2011.
- 3. How can you have two rate cases going at once?** We chose to file this new case now since it may offer the best and most timely option for updating our rates and resolving issues raised since our last case was filed. If approved, the newly-filed rates would replace any existing electric rates, and they would not be in addition to the increase authorized in August – which has not yet been applied to bills.
- 4. What happens if the first case is finalized and those rates take effect?** In any scenario, the focus remains on working collaboratively with the parties on a solution that reduces the impact on residential customers. We are hopeful that the parties can work together to expedite the review process in this second case, which would replace electric rates from the first case with lower rates.
- 5. Are you still trying to pursue settlement of the first case?** Yes, since it could offer an opportunity to develop a collaborative solution in a timely manner. It is possible that a settlement could be reached which resolves the pending 2008 rate case order, as well as this new rate case filing.
- 6. Why are you suddenly asking for less of an increase? Why couldn't you do that in the first case?** This case is not seeking lower overall revenues. Instead, this filing reduces the impact to residential customers from the original case. Our 2008 case was based on usage data from 2007, and the second case is more reflective of current usage data and economic conditions that were not present when the original case was filed.

7. **How do your current electric rates compare to other areas?** Indiana has some of the lowest electric rates in the country. NIPSCO's current electric rates are not the highest in Indiana, and while they are slightly above the Indiana average, they are below the average cost when compared with other neighboring states and the national average.

When the newly-approved electric rates from either case take effect, NIPSCO expects that rates will remain competitive.



8. **How will electric rates for Industrial and Commercial customers change?** Ensuring that rates for business customers remain affordable and competitive is important. Determining cost allocations between customers is similar to balancing a scale. Since the impact to residential customers has been reduced, some commercial and industrial customers will see more of an increase. The impact on individual commercial and industrial customers will vary depending upon their usage patterns, and which rate they chose, but on average, rates for commercial and industrial customers would increase approximately 8 percent per month when compared with 2010 bills.
9. **Why are rates going up?** These two cases seek to modify electric rates in support of a wide range of topics, including;
- 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.
 - Modernizing rate structures to support enhanced energy efficiency and assistance programs
 - Costs associated with customer growth, system upgrades and ongoing maintenance