

FOR IMMEDIATE RELEASE

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FOR ADDITIONAL INFORMATION

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Northern Indiana to Benefit from NIPSCO's EPA Settlement
Cleaner Air, Local Jobs and Environmental Investment

Merrillville, Ind. – Following discussions with the U.S. Environmental Protection Agency (EPA), Department of Justice (DOJ) and the Indiana Department of Environmental Management, NIPSCO today finalized a settlement outlining about \$600 million in new environmental investments, conservation initiatives, and clean energy programs designed to improve the environmental and economic sustainability of northern Indiana.

“This is a major win for our customers, the environment and the communities we serve,” NIPSCO CEO Jimmy Staton said. “The significant new investments and environmental projects identified in the settlement will enhance the long-term environmental and economic sustainability of northern Indiana while also creating hundreds of new jobs and delivering important new clean energy options for our customers. This collaborative, forward-looking solution will deliver tangible benefits for our environment, our customers and the communities we serve.”

Outlined in the settlement are environmental controls and clean air technology that further reduce nitrogen oxide, sulfur dioxide and particulate matter emissions at the company's coal-fired electric generation facilities.

The settlement is the 17th reached by the EPA and DOJ as part of a national initiative to control emissions from coal-fired power plants under the Clean Air Act's New Source Review requirements. It follows a 2004 Notice of Violation of the EPA's New Source Review process alleging that NIPSCO made upgrades or modifications to its generating facilities in the 1980s and 1990s without obtaining the proper permits.

NIPSCO is among more than 50 U.S. electric companies receiving a Notice of Violation since 1998 as part of the EPA initiative, and NIPSCO maintains that it acted in accordance with the regulations and conducted only routine maintenance and upgrades on the units. This settlement resolves all matters related to the New Source Review and future claims through 2018.

Importantly, the investments contemplated in the settlement support and complement the environmental improvements NIPSCO has already made to date.

Continuing Environmental Investment in Northern Indiana

NIPSCO is a leader in improving air quality. Since 1990, the company has individually reduced the NO_x and SO₂ emissions by 70 percent with investments of more than \$350 million. In part due to environmental investments by NIPSCO, northwest Indiana was designated as an attainment area in 2010 for the first time since the EPA 1990 Clean Air Act was adopted. Attainment area status is a key factor in economic and community development.

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"We're proud of our environmental performance and the fact that many of the investments identified in the settlement have already been planned as part of NIPSCO's long term environmental improvement strategy," Staton said. "We currently operate one of the cleanest-burning coal fleets in Indiana. With these investments, we will continue our leadership position and further improve air quality for residents in northern Indiana."

Benefits of the Settlement

By the close of 2018, NIPSCO will invest approximately \$600 million in improved environmental technology and related projects. Key benefits of these investments will include:

- **Cleaner Air:** NIPSCO's electric generating fleet is expected to be among the cleanest in Indiana, with NO_x emissions lowered by an additional 35 percent from current rates, SO₂ emissions lowered by an additional 80 percent from current rates, and other benefits, such as reduced fleet vehicle emissions and improved air quality monitoring, will be achieved. These improvements will have an added benefit of helping NIPSCO achieve compliance with anticipated tighter future emission standards.
- **Jobs and Economic Development:** Installation of new environmental controls at NIPSCO's R.M. Schahfer, Bailly and Michigan City generating stations are projected to create hundreds of new jobs for locally contracted companies during the next eight years, as well as new positions within the company.
- **Conservation and Clean Energy:** NIPSCO also will invest \$9.5 million over the next five years in new environmental conservation and clean energy projects, including:
 - Working with local communities and organizations to develop new publicly available electric vehicle charging stations – powered exclusively with renewable energy
 - Replacing and retrofitting diesel engines with hybrid and/or electric vehicles throughout our service territory
 - Partnering with the Indiana Dunes National Lakeshore and other regional conservation groups to acquire and conserve environmentally sensitive properties in the region

Under the terms of the settlement, NIPSCO will also pay a \$3.5 million civil penalty. The additional environmental investments have been planned as part of anticipated ongoing capital spending.

For more information about NIPSCO's environmental investments and energy savings tips, customers are encouraged to visit NIPSCO.com.

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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