



FOR IMMEDIATE RELEASE

October 12, 2005

FOR ADDITIONAL INFORMATION

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NIPSCO ANNOUNCES HOME HEATING BILL PROJECTIONS

Wholesale Gas Costs Impacting Bills

MERRILLVILLE, Ind. – Northern Indiana Public Service Company (NIPSCO) today announced that residential customers could see their home heating bills increase by 43 percent this winter heating season, if winter temperatures are normal in the Midwest.

“Customers and natural gas utilities across the nation are facing these high costs, which impact both NIPSCO and its customers,” said NIPSCO President Mark Maassel. “This is a nationwide challenge. At NIPSCO, we are concerned about these escalating costs and have taken every opportunity we can to encourage our customers to prepare now for higher heating costs this season.”

The fluctuation in the percentage increase has a lot to do with weather, as bills could increase anywhere from 24 percent to 60 percent, depending on how warm or how cold temperatures will be this winter. Last winter was one percent warmer than normal. The average cost to heat a home last January was approximately \$187.53. If winter temperatures are normal in the Midwest, the cost to heat a home this January could be approximately \$258.81. But, if temperatures are colder, that number will rise. The average residential customer could pay an additional \$310 to heat their homes over the winter months of November through March, when compared to last year’s winter heating season.

“We’ve been preparing to mitigate wholesale gas price volatility by contracting for services that will provide for a safe and reliable supply of natural gas and replenishing our storage reserves to meet demand,” said Maassel.

NIPSCO purchases its natural gas from wholesale gas suppliers and charges customers only what it pays to purchase the gas. While this cost has risen dramatically, NIPSCO’s fee to deliver natural gas to a customer has remained flat since 1991. The

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high cost of natural gas can be attributed to several factors -- such as supply disruptions in the Gulf of Mexico created by Hurricane Rita and Hurricane Katrina -- as well as prolonged hot weather across the nation this past summer, all of which have created a tight balance between supply and demand.

“High gas prices are not only bad for utilities and their customers, but also bad for business and the economy,” added Maassel.

NIPSCO has been working since June to raise awareness that gas costs will be high this winter heating. These efforts include:

- Educating customers on how to use energy wisely by offering tips and strategies on www.nipsco.com and through the company’s “99 Ways to Conserve Energy” brochure.
- Working with state and local elected officials and regulators to dedicate more funding to help low-income families pay their winter heating bills.
- Maintaining flexible payment programs and policies for customers facing arrears.
- Encouraging customers to enroll in NIPSCO’s BudgetPlan, which spreads bills out over 12 months, or taking advantage of other products and services such as NIPSCO’s DependaBill, Price Protection Services and NIPSCO Choice.
- Filing a two-year extension of the Winter Warmth program, which would provide \$7.9 million in bill and deposit assistance to low-income families and persons experiencing financial hardship if approved by the Indiana Utility Regulatory Commission.
- Allocating up to \$750,000 in Winter Warmth program funds to help low-income families weatherize their homes.

NIPSCO, with headquarters in Merrillville, Ind., is one of the 10 energy distribution companies of NiSource Inc. (NYSE: NI). With over 712,000 natural gas customers and 445,000 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 3.7 million natural gas and electric customers primarily in nine states. More information about NIPSCO is available at www.nipsco.com.

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