

FOR IMMEDIATE RELEASE

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FOR ADDITIONAL INFORMATION

Nick Meyer

NIPSCO, Director of External Communications

219-647-6556

**NIPSCO'S PROPOSAL TO EXPAND RENEWABLE ENERGY PROGRAM
RECEIVES SUPPORT FROM CONSUMER AND ENVIRONMENTAL GROUPS**

Programs seek to expand solar, wind, bio-mass and small hydro generation projects

MERRILLVILLE, Ind., – A settlement agreement was filed among Northern Indiana Public Service Company (NIPSCO), Indiana Office of Utility Consumer Counselor (OUCC), the Hoosier Chapter of the Sierra Club, Citizen's Action Coalition (CAC), Indiana Distributed Energy Advocates (IDEA) and Bio Town Ag regarding the expansion of the company's ability to acquire or purchase customer-generated electricity from renewable energy projects.

The settlement includes additional enhancements to NIPSCO's original proposal, filed in July 2010. The expanded program is subject to review and approval by the Indiana Utility Regulatory Commission (IURC) and, if approved, will not be available until later this year.

"This settlement represents a collaborative effort aimed at promoting further renewable generation opportunities in northern Indiana and responding to our customers' interest in powering their homes and businesses with such projects," said Jimmy Staton, NIPSCO Chief Executive Officer. "Because the environmental groups involved in this settlement are reviewing similar programs across the country, it was important to gain their support in order to ensure the program's success and contribution to environmental sustainability."

"All of the parties in this case have worked extensively and constructively to develop this agreement," said Indiana Utility Consumer Counselor David Stippler. "The pilot feed-in tariff and expanded net metering parameters, under the agreement's terms, will allow for greater use of renewable energy."

Steve Francis, State Chairperson of the Hoosier Chapter of the Sierra Club added, "The Sierra Club is very enthusiastic about working with NIPSCO leading the way with the implementation of a Feed-in tariff and net metering expansion – particularly for wind, solar, hydro and sustainable bio-mass. We feel that this will put Indiana on the map as a model for distributed renewable generation in the Midwest while also creating good jobs in the renewable power sector. Feed-in tariffs have been very successful in other countries in rapidly implementing cost-effective renewable energy projects and the Sierra Club believes this program will be a success in Indiana."

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"The Settlement Agreement reached by all the parties is a refreshing and encouraging outcome for renewable energy and distributed generation development in northern Indiana. It represents an open collaborative process to create a three year pilot program which will benefit all of NIPSCO's customers directly or indirectly." Said Laura Ann Arnold, President of Indiana Distributed Energy Advocates. "IDEA looks forward to a partnership and continued collaboration to make these programs effective and to provide a responsible path to improving both the environment and the economic climate for northern Indiana."

Grant Smith, executive director for CAC, said, "We were pleased to be a part of the negotiations that led to the settlement now before state regulators. We hope residential and business customers take full advantage of the renewable energy incentives provided by NIPSCO. The proposed net metering and feed-in tariffs are certainly an important step for the renewable energy sector in Indiana."

The proposal, which is consistent with Indiana's Hoosier Homegrown Energy Plan, seeks to expand NIPSCO's current Net Metering program to include all customers with solar, wind and hydro generation sources up to one megawatt (MW) of nameplate capacity.

The request also would create a pilot program known as NIPSCO's Renewable Feed-In electric tariff, which will allow customers to connect solar, wind or bio-mass generation sources, up to 5 megawatts (MW) in nameplate capacity – or small hydro up to one MW – to the NIPSCO power grid and sell the power to NIPSCO.

While the original proposal for the Feed-In electric tariff program was aimed at large-scale renewable projects, the parties expanded the provisions in the settlement that would allow for participation by smaller residential and business customers with projects starting at 5 kW of nameplate capacity.

Power purchase agreement rates for these projects are based upon the generation technology and the capacity size of the project.

The overall program cap of the Feed-In electric tariff program is proposed at 30 megawatts (MW) total, or approximately 1 percent of NIPSCO's projected summer peak demand for 2010 of about 3,000 MW. The overall program cap of the Net Metering program is proposed to expand to 30 MW as well.

The pilot Feed-In electric tariff program is proposed to last through the end of 2013. NIPSCO and the settling parties will evaluate the program through the pilot and at the end to determine whether it should be extended, modified or allowed to expire.

For more information on these program changes, please visit www.nipSCO.com.

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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.

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)

Indiana Distributed Energy Advocates (IDEA) is a non-profit group organized as a trade association to promote renewable energy and distributed generation policies to support economic development, jobs creation and clean energy options for Hoosier consumers.

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