

FOR IMMEDIATE RELEASE

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FOR ADDITIONAL INFORMATION

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NIPSCO FILES NEW ELECTRIC RATE CASE

Filing Cuts Increase to Residential Bills from First Electric Case in Half

MERRILLVILLE, IND. – Northern Indiana Public Service Co. (NIPSCO) today 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.

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.

“We have listened to our customers and regulatory stakeholders and developed a new rate plan that eases the burden on residential customers while allowing NIPSCO to continue investing in service, reliability and infrastructure improvements,” NIPSCO CEO Jimmy Staton said. “We believe this is a positive solution for our customers, our community partners and for northern Indiana’s long-term economic growth and development.”

Under the new electric rate filing, residential electric bills would increase by an average of \$5.94 per month, or 7.9 percent when compared with 2010 bills. If approved, this bill increase would be less than the amount authorized in the company’s 2008 rate case order received in August.

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.

Staton said NIPSCO’s new rate filing addresses a number of concerns discussed with consumer advocates, customer groups and other parties regarding the company’s still-pending 2008 electric rate case. Key features of the new rate filing include:

- Reduced bill impacts on residential customers,
- Updated operating, financial and customer usage data, and
- Improved service structures to support northern Indiana industrial processes.

“NIPSCO’s new rate filing is more responsive to the current economic climate and provides a more up-to-date view of the rates required to maintain reliable energy service for our customers and to support Indiana’s economy,” Staton said. “By filing this new case, we are able to update our rates and provide a measure of relief for our residential customers. That’s why we are moving forward with this filing now – even as our prior rate order is still under review – and will continue working with stakeholders and the IURC to expedite its review.”

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The new rate filing uses NIPSCO's existing electric rates as a starting point, not the rates authorized in its recent rate case order. NIPSCO has asked that its new rate filing be considered and implemented under an accelerated review procedure that could result in the new rates being implemented in 2011.

Staton emphasized that NIPSCO continues to be involved in constructive discussions with key stakeholders regarding all rate matters, and noted that a settlement could be reached that resolves its pending 2008 rate case order, as well as the company's new rate case.

"As our recent gas rate case settlement showed, a constructive and productive dialog can result in win-win solutions for our customers, our communities and the economy of northern Indiana," Staton said. "We believe the parties involved – as well as the regulatory climate in Indiana – are conducive to constructive settlements that are in the interests of energy consumers, utility investors and the state's long-term energy policy goals. We are pleased to be a part of this constructive dialogue, and will continue working toward collaborative solutions wherever possible."

For more information about NIPSCO's rates and this filing, 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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