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SETTLEMENT REACHED IN NIPSCO'S PENDING ELECTRIC RATE CASE
Residential base rate increase limited to 4.5 percent

MERRILLVILLE, Ind. – Northern Indiana Public Service Company (NIPSCO) residential electric customers will see a lower base rate increase than originally proposed in the company's pending rate case under terms of a collaborative settlement reached by NIPSCO, the Indiana Office of Utility Consumer Counselor (OUCC), NIPSCO's industrial customers and a coalition of northern Indiana Municipalities.

The settlement – which has been filed with the Indiana Utility Regulatory Commission (IURC) and will require IURC approval to take effect – represents a mutually agreeable resolution by the parties to NIPSCO's November 2010 proposal to adjust electric rates. This settlement will limit the base rate increase in residential customer bills to 4.5 percent (or \$3.33 per month). NIPSCO had originally proposed a nearly 8 percent base rate residential rate increase in its pending case before the IURC.

The settlement also eliminates any further action around the company's August 2008 rate case, which resulted in an authorized 16.8 percent residential increase that was never applied to customer bills.

In addition, the settlement calls for costs associated with expanded interruptible service to eventually be shared across all customer classes, with no impact on customer bills until May 2012 or later. Residential bill impacts will vary depending on customer participation in the voluntary program.

"This settlement balances the interests of our diverse customer base, while providing a solid foundation from which NIPSCO can invest in northern Indiana's energy infrastructure to help fuel job creation and economic growth," NIPSCO CEO Jimmy Staton said. "Together, the parties have reached an agreement that provides Indiana families, businesses and industries with the affordable, reliable and environmentally sustainable energy they need now and in the future."

Customers benefit from outcome

By reaching a comprehensive and balanced solution, customers will benefit from:

- A minimized bill impact on residential customers, limiting the base rate increase to 4.5 percent.
- A platform for ongoing NIPSCO investments in improving customer service, reliability and environmental technology – including the recent \$330 million purchase of the highly efficient 535-megawatt (MW) Sugar Creek natural gas-fired electric generating plant based in Indiana.
- NIPSCO-funded rebates to convert electric furnaces to more efficient gas units.
- Resolution of Municipality Group's concerns regarding rates for streetlights and traffic lights.
- Expanded interruptible service which provides incentives for NIPSCO's largest industrial customers to reduce or shift energy use. This voluntary program ultimately benefits all customers by meeting near-term and planned system energy needs, including periods of peak demand when market prices are high.

"If approved, this agreement will bring a fair resolution to litigation that has been before the IURC for more than three years," said Indiana Utility Consumer Counselor David Stippler. "Regulatory review of NIPSCO's base electric rates has been a complex process given the fact that these rates have not been modified since the 1980s. I am pleased that the OUCC, NIPSCO and the other settling parties have been able to fairly address all pending issues, thereby providing a balanced resolution for the benefit of all NIPSCO customers, while ensuring that NIPSCO may continue to make needed investments to provide safe, reliable service."

"We believe the concerns raised by the local municipalities were addressed through this process, which was both open and collaborative," said Michael Griffin, representing the coalition of northern Indiana municipalities, including Dyer, East Chicago, Griffith, Highland, Munster, Schererville, Valparaiso, and Winfield. "This agreement provides a fair and reasonable solution for local communities across northern Indiana working hard to manage very tight budgets."

Maintaining electric rates below the U.S. average

NIPSCO anticipates that the settlement will help the company maintain electric rates below the national average. According to the current Edison Electric Institute's survey of electric rates, NIPSCO's residential, commercial and industrial electric rates are below the average price nationally for electricity and near the Indiana average.

The Indiana Utility Regulatory Commission (IURC) must review and approve the parties' settlement agreement before new rates can become effective. NIPSCO anticipates that new rates could be effective late in 2011 or the beginning of 2012.

NIPSCO has not modified its base rates for electric service in 24 years. Natural gas rates and charges are not at issue in this case.

A copy of the settlement agreement will be available on the IURC's electronic document system by visiting <https://myweb.in.gov/IURC/eds/> and searching for Cause No. 43969.

For more information about NIPSCO's rates and this filing, customers are encouraged to visit NIPSCO.com and the OUCC's Website at www.IN.gov/OUCC.

NIPSCO, with headquarters in Merrillville, Ind., is one of the seven energy distribution companies of NiSource Inc. (NYSE: NI). With more than 786,000 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.

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 weather, fluctuations in supply and demand for energy commodities, the success of regulatory and commercial initiatives, dealings with their parties over whom NIPSCO has no control, actual operating experience of NIPSCO assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of materials litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2010 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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