

FOR IMMEDIATE RELEASE

February 19, 2016

FOR ADDITIONAL INFORMATION

Nick Meyer, NIPSCO (219) 647-6556

Anthony Swinger, OUCC (317) 233-2747

AGREEMENT REACHED IN NIPSCO'S PROPOSAL TO MODIFY ELECTRIC RATES

OUCC, Industrial Customers and Municipal Group Support Revised Outcome

INDIANAPOLIS, Ind. - Northern Indiana Public Service Company (NIPSCO) electric customers will see a lower rate increase than originally proposed in the company's pending rate case under terms of a collaborative agreement reached by NIPSCO, the Indiana Office of Utility Consumer Counselor (OUCC), NIPSCO's industrial customers, the Indiana Municipal Utility Group and the United Steelworkers, with no opposition from La Porte County.

The proposed agreement is subject to Indiana Utility Regulatory Commission (IURC) review and approval, and new rates are not expected to take effect until the second half of 2016.

This settlement will limit the base rate increase to residential customers to 5.4 percent, which is down from the 11 percent proposal in NIPSCO's original October 2015 request.

Included within the overall bill impact will be a modest increase in the fixed monthly customer charge from \$11 to \$14, instead of the \$20 charge originally proposed.

The change for individual commercial and industrial customers will vary depending on usage patterns, but on average, rates for overall commercial and smaller industrial customers would increase less than the original proposal.

"Since the last change in electric base rates, NIPSCO has made considerable investments to improve service to customers while effectively managing costs," said NIPSCO executive vice president, Violet Sistovaris. "This outcome strikes the right balance to help ensure that our customers continue to have the affordable, reliable and environmentally sustainable energy they need now and in the future."

"Through arms-length negotiations, we have reached a reasonable compromise on NIPSCO's rate increase request," said Indiana Utility Consumer Counselor David Stippler. "As a result of this agreement, NIPSCO's revenue increase will be over 40 percent less than originally requested, resulting in a benefit for NIPSCO's customers of more than \$54 million. This benefit, coupled with other terms reached in the settlement, will bring this case to a fair resolution."

-more-

Agreement Reached in NIPSCO Electric Rate Proposal

Customers Benefit From Outcome

In reaching a comprehensive and balanced resolution of the issues in this case, some of the benefits achieved by the settlement include:

- Smaller overall bill impact and substantially reduced monthly customer charge increase for residential, commercial and industrial customers when compared to the original proposal
- Platform for NIPSCO's continued investments and service improvements for customers
- Offering of a new LED streetlight rate, which supports a new LED streetlight conversion program for municipalities awaiting approval in NIPSCO's infrastructure modernization plan
- Expands interruptible program for industrial customers

Customers with questions regarding NIPSCO's proposal may visit NIPSCO.com/rates for more information.

Natural gas rates are not at issue in this case.

About NIPSCO

Northern Indiana Public Service Company (NIPSCO), with headquarters in Merrillville, Ind., has proudly served the energy needs of northern Indiana for more than 100 years. As Indiana's largest natural gas distribution company, and the second largest electric distribution company, NIPSCO serves approximately 810,000 natural gas and 460,000 electric customers across 32 counties. NIPSCO is part of NiSource's (NYSE: NI) seven regulated utility companies. NiSource is one of the largest fully regulated utility companies in the United States, serving approximately 4 million natural gas and electric customers through its local Columbia Gas and NIPSCO brands. More information about NIPSCO and NiSource is available at NIPSCO.com and www.nisource.com.

About the OUCC

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. For more information, please visit www.IN.gov/OUCC.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed include, but are not limited to, changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; and extreme weather conditions; and other matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law. NI-F

###