

FOR IMMEDIATE RELEASE

Aug. 23, 2016



FOR ADDITIONAL INFORMATION

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NIPSCO Analyzes Future Plans for Electric Generation

- *Changes Driven by Shifting Market Forces*
- *Retirement of Some Coal-Fired Units Being Considered*
- *Committed to Managing Potential Employee Impacts*
- *Most Viable Option Provides Environmental and Customer Benefits*

MERRILLVILLE, Ind. – As part of its regular electric supply planning process, Northern Indiana Public Service Co. (NIPSCO) announced today that it is considering long-term supply options, which may lead to the retirement of four of the company's coal-fired electric generation units at two different power plants over the next seven years.

While not yet final, NIPSCO outlined its electric generation strategy at a public meeting with consumer representatives, environmental organizations, customers and other stakeholders taking part in Indiana's Integrated Resource Planning (IRP) process.

During the session, NIPSCO leaders said the company has been and will continue working with stakeholders and regulators to solicit input on a generation strategy that meets customer needs in a cost-effective manner, with the goal to provide ongoing work opportunities for any affected employees.

"The landscape for electric generation is shifting dramatically, not just for NIPSCO but for our nation as a whole," Violet Sistovaris, NIPSCO executive vice president, noted. "In particular, companies with aging coal-fired units are facing intense economic and environmental regulatory pressures that are driving important decisions today about how to meet the customer needs of tomorrow. Given these factors, we believe it may be in our customers' best interests to retire some of NIPSCO's coal-fired generation units, and we will continue working closely with stakeholders via the IRP process to seek input and further evaluate these assumptions while considering the interests of customers, employees and local communities."

Strategy Will Take Shape During the IRP Process

The IRP process is conducted every two years by Indiana energy providers to outline plans for meeting the anticipated energy needs of customers over the next 20 years. At today's stakeholder meeting, NIPSCO outlined an approach for continuing to provide customers with cost-effective, reliable and sustainable supplies of electricity while addressing the inherent uncertainties and risks that exist in the electric utility industry. NIPSCO will review this and other long-term supply options with interested stakeholders and further solicit information for consideration in the development of its final IRP, which the company will submit to the Indiana Utility Regulatory Commission by Nov. 1, 2016.

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NIPSCO ELECTRIC GENERATION

Scenario Calls for Potential Retirement of Four Coal-Fired Units

Sistovaris said NIPSCO is analyzing a range of options for its existing electric generating fleet as it develops its 2016 IRP. Each option results in different impacts on customer costs, environmental compliance and workforce needs.

Although the IRP process is still ongoing, the company believes that the most viable option for customers, the company and employees involves the retirement of four of the company's seven coal-fired generating units over the next seven years. Under this option, NIPSCO would retire its Bailly Generating Station coal-fired units as soon as mid-2018 and two of its R.M. Schahfer Generating Station coal-fired units by the end of 2023. The company will outline strategies through the IRP process for securing alternative electric supply as necessary to continue to provide cost-effective and reliable service to customers.

"Our goal is to transition to the best cost, cleanest electric supply mix available while keeping options open for the future as technologies and markets change," added Sistovaris.

Should NIPSCO decide to proceed with retirement of its Bailly Generating Station, the company would have to seek approval from the Mid-continent Independent System Operator (MISO), which is responsible for coordinating, controlling and monitoring the use of the electric transmission system by utilities, generators and marketers across parts of 15 U.S. states and the Canadian province of Manitoba. MISO will evaluate NIPSCO's proposed plan with other capacity changes across the MISO footprint.

Commitment to Manage Any Employee Impacts

Sistovaris stressed that NIPSCO is committed to proactively managing any potential workforce impacts related to the retirement of any of its electric generation units. She noted that the company's goal is to provide ongoing work opportunities for existing employees and that NIPSCO will be working closely with affected employees and union leadership to achieve that goal.

Potential for \$1B in Added Costs Speeds Shift from Coal-Fired Units

Due to environmental regulatory and economic factors, including low natural gas prices, NIPSCO's electric supply portfolio has already been shifting to include less coal-fired generation. In 2010, NIPSCO's supply mix included about 90 percent coal-fired generation, while that portfolio today is 72 percent coal-fired. NIPSCO also has invested more than \$800 million in new technologies for certain coal-fired units – including those units which are expected to continue operating according to the analysis – to improve air quality in compliance with federal regulations.

However, newly enacted Coal Combustion Residuals (CCR) rules and Effluent Limit Guidelines (ELG) will require additional investments at each of NIPSCO's coal-fired plants, with compliance dates of 2018 and 2023 respectively. Due to these requirements and other maintenance needs, NIPSCO expects to incur approximately \$1 billion in additional costs over the next seven years if the company continues to operate its entire fleet of coal-fired generating units. Under the IRP option outlined by the company, some of these incremental costs would be avoided – providing long-term benefits to customers.

NIPSCO ELECTRIC GENERATION

In total, NIPSCO's current generation portfolio includes three coal-fired electric generating stations, one natural gas-fired station, two hydroelectric facilities and purchased wind power. NIPSCO's supply strategy also includes electricity provided by customers through the company's voluntary industrial interruptible program, feed-in tariff and net metering programs as well as savings derived from energy efficiency programs.

Because the most viable option identified calls for the retirement of a portion of NIPSCO's generation – consistent with the 2014 IRP – the 2016 IRP is analyzing a range of options to meet future customer needs. A preferred path will be identified when the plan is submitted in November, and it will be revisited and refined in the 2019 IRP based on customer, market and technology factors.

More information about NIPSCO's electric supply strategies and the IRP process can be found at NIPSCO.com/IRP.

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. NI-F

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, the result of the IRP process with the Indiana Utility Regulatory Commission; any decision of MISO in connection with the matters discussed in this press release; 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 of NiSource 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

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