

FOR IMMEDIATE RELEASE

July 18, 2016

FOR ADDITIONAL INFORMATION

Nick Meyer, NIPSCO (219) 647-6556

Anthony Swinger, OUCC (317) 233-2747

IURC APPROVES NEW NIPSCO ELECTRIC RATES

Decision based on collaborative agreement; lower rates than originally proposed

MERRILLVILLE, Ind. – The Indiana Utility Regulatory Commission (IURC) has approved a collaborative agreement reached in February by NIPSCO, the Indiana Office of Utility Consumer Counselor (OUCC), NIPSCO's industrial customers, a coalition of eight northern Indiana municipalities and the United Steelworkers, with no opposition from La Porte County, regarding new base rates for electric customers – the first such change since 2011.

NIPSCO has highlighted the need for updated electric rates to reflect the increase in costs to produce and distribute power to customers, and investments for continued service improvements.

Today's decision approves an agreement that results in a bill adjustment that is approximately half of NIPSCO's original request last year, which will go into effect on NIPSCO's October 2016 bills.

The newly approved rates would result in a \$5.70 monthly increase, or approximately 6 percent, for a typical residential electric bill, based on a usage of 700 kWh a month.

The change for individual commercial and industrial customers will vary depending on their usage patterns, but on average, overall rates for commercial and smaller industrial customers would increase approximately 5 to 6 percent when compared with today's rates.

"Customers want to be certain they're receiving quality service at a price that's fair," said Violet Sistovaris, NIPSCO executive vice president. "We believe these newly approved electric rates represent a balanced outcome that allow us to continue improving the level of service to our customers."

"The agreement approved today provides a fair resolution for NIPSCO's residential and commercial customers, along with NIPSCO's industrial customers that are crucial to Northwest Indiana's economy," said Indiana Utility Consumer Counselor David Stippler. "The OUCC and additional parties negotiated more than \$54 million in consumer benefits, reducing the rate impact while ensuring that the utility has the revenues necessary to provide safe and reliable service to all of its electric customers."

-more-

IURC Approves New NIPSCO Electric Rates

Customer Benefits From the Outcome

The IURC's decision follows a nearly 10-month review process, which includes direct input from customers and a range of consumer groups. This comprehensive and balanced resolution provides several benefits to customers, including:

- Smaller overall bill impact and substantially reduced monthly customer charge increase for residential, commercial and industrial customers when compared to the original proposal
- A platform for NIPSCO's continued reliability investments and service improvements for customers
- A new LED streetlight rate, which supports a new, recently approved LED streetlight conversion program for municipalities
- Expansion of an interruptible incentive program for industrial customers

Improving Customer Service

In recent years, NIPSCO has invested in a range of improvements that directly benefit customers, including:

- Eliminating estimated bills by replacing and upgrading all customer meters
- Reducing the time customers spend without power by 40 percent
- Upgrading technology to further improve response times and make it easier for customers to do business with NIPSCO, including the introduction of a new alert option for customers to receive text, email and phone calls with better information during power outages
- Offering ways to help customers save energy and become more energy efficient
- Providing optional programs for customers to generate and purchase electricity from renewable energy

Examples of the changes in costs since NIPSCO's last case include:

- \$95 million in system upgrades to increase reliability (replacing poles and lines, constructing new substations, etc.)
- \$90 million to replace and upgrade all meters to eliminate estimated billing
- \$8.5 million in technology upgrades to improve response time and introduce options for customers to be better informed during power outages
- Increased labor and material costs
- Increased costs to generate electricity associated with operating and maintaining newly installed equipment to comply with federal environmental regulations to improve air and water quality

Natural gas rates are not at issue in this case.

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

-more-

IURC Approves New NIPSCO Electric Rates

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

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

###