



A NiSource Company

Fact Sheet

NIPSCO Electric Base Rate Case

March 3, 2009

801 E. 86th Avenue
Merrillville, IN 46410

On December 19, 2008, Northern Indiana Public Service Company submitted modifications to its existing electric base rate case that was filed with the Indiana Utility Regulatory Commission in August 2008. The base rate adjustment request – NIPSCO's first in more than 21 years – is designed to provide reliable service to customers at affordable rates. If approved, the average residential customer will see about a \$12.76 increase in their monthly bill. The decision to file a rate case at this time was determined in 2005 as the result of a previous settlement agreement. Below are some additional facts to consider.

For the past 21 years, NIPSCO has spent millions of dollars in operations and investments to provide reliable electric service to our customers. We keep the lights on 99.9 percent of the time – the average customer is without power for only about 15 minutes per year. With rates set forth in the 1980s, we now need to reflect costs such as:

- More than \$400 million on technologies and processes that limit air emissions from our power plants.
- Operating costs of about \$777,777 a day for the company's largest generating station, R.M. Schahfer, which generates about 60 percent of the total power NIPSCO makes.
- Purchasing, transporting and burning more than 8 million tons of coal every year.
- Investing in renewable energy such as wind power.
- Spending \$330 million to purchase facilities like Sugar Creek Generating Station to help keep pace with the growing electric demand while keeping air emissions low.
- Maintaining 9,200 miles of electric transmission and distribution lines, supported by more than 300,000 utility poles.
- Continuously operating a fleet of 1,408 vehicles that logged more than 12 million miles in 2007; owning and operating 380 pieces of power equipment and 585 trailers – all of which consumed about 1.74 million gallons of fuel last year.

Consumers are using more power than 21 years ago. This increase in demand results in an increase in costs incurred by NIPSCO. The company cannot continue to keep up with growing capacity needs for our customers without an increase in our electric base rate.

- Energy use by consumers is up 82 percent nationally.
- Homes are 22 percent larger than they were 21 years ago.
- Larger homes have more appliances and devices that need electricity.
 - There has been a 68 percent increase in the number of multi-set TV households.
 - Personal computer sales have gone from 3.5 million in 1988 to nearly 30 million in 2008.

Like most goods and services, costs for providing electric service have increased in the last 21 years. The internal measures we have taken over the years to provide reliable service while managing costs are no longer enough. No business can remain viable without being able to recover expenses to provide its services. Consider these increases:

- Health care costs have increased 185 percent.
- The Consumer Price Index has increased 82 percent.
- In 1988, the last time NIPSCO had a rate increase, eggs cost 63 cents a dozen and gas sold for 91 cents per gallon.

NIPSCO is the second-largest largest electric distribution company in Indiana serving approximately 457,000 customers.

- NIPSCO is a stand-alone company, regulated by an agency of the State of Indiana.
- Its parent company, NiSource Inc., which has energy-related subsidiaries around the country, is not regulated by Indiana.
- As a stand-alone company, NIPSCO is responsible for providing reliable service to its customers now and in the future.
- By law, NiSource Inc. cannot subsidize NIPSCO to help it financially meet this important obligation. The current electric rate case proposal will allow NIPSCO to continue the provision of reliable electric service that has kept the lights on for its customers 99.9 percent of time.