

FOR IMMEDIATE RELEASE

August 1, 2005

NIPSCO: Tom Cuddy, 219-647-6556

OUC: Anthony Swinger, 317-233-2747

**NIPSCO & OUC SIGN SETTLEMENT AGREEMENT ON
ALTERNATIVE REGULATORY PLAN**

MERRILLVILLE, IN (August 1, 2005) – Northern Indiana Public Service Company (NIPSCO) and the Indiana Office of Utility Consumer Counselor (OUC) have signed an agreement that would extend NIPSCO’s natural gas alternative regulatory plan through April 30, 2010. The agreement is subject to Indiana Utility Regulatory Commission (IURC) approval.

The settlement agreement – also signed by IURC testimonial staff and marketers who supply natural gas to NIPSCO's choice program customers – has been filed with the IURC. The next step in the process will include testimony to be submitted in support of the agreement.

“We are committed to offering these popular products and services to our customers,” said NIPSCO President Mark Maassel. “The ARP affords our customers with the opportunity to shop around for the natural gas they would purchase, to lock-in rates, and be assured of being supplied with safe and reliable natural gas service.”

“This agreement includes a number of important consumer protections that will benefit all of NIPSCO’s natural gas customers – without regard to whether they participate in these alternative programs,” said Indiana Utility Consumer Counselor Susan L. Macey. “One big benefit for residential and small business customers who buy gas from NIPSCO – once the agreement takes effect – will be the reduction in interstate pipeline transportation costs being recovered from those customers. This agreement ensures that for the next four years, customers will pay less for that cost component than they are paying in 2005.”

Initially approved by the IURC in 1997, NIPSCO’s ARP allows the utility’s natural gas customers the option to participate in the NIPSCO Choice program and Price Protection Services (PPS), while a separate ARP provides for the NIPSCO Dependable option. NIPSCO is the only utility in the state that offers these optional products and services. More than 16 percent of NIPSCO’s natural gas customers participate in these programs.

(Continued...)

“We are pleased that NIPSCO, the OUCC, and competitive marketers could reach agreement on a plan that, if approved, enables a continuation of competitive sales in the NIPSCO service territory and, consequently, a continuation of the consumer benefits derived from competition,” said Greg Collins, President of Vectren Source.

NIPSCO, with headquarters in Merrillville, Ind., is one of the 10 energy distribution companies of NiSource Inc. (NYSE: NI). With over 712,000 natural gas customers and 445,000 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 3.7 million natural gas and electric customers primarily in nine states. More information about NIPSCO is available at www.nipsco.com.

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency that represents the interests of all utility consumers and the public in matters related to the provision of utility services. The agency is active in proceedings before regulatory and legal bodies, and committed to giving consumers a voice in the creation of utility service policy. Residential, commercial and industrial consumers with questions or concerns regarding utility service can contact the OUCC toll-free at 1-888-441-2494 or www.IN.gov/OUCC.

#