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FOR ADDITIONAL INFORMATION
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NIPSCO Announces Cost Savings Measures

MERRILLVILLE, Ind. – Northern Indiana Public Service Company announced today a comprehensive strategic review of its infrastructure and business processes that will include reducing its workforce of 2,568 by 30 – 40 positions, approximately 2 percent of the workforce.

“The impact of the recession has prompted us to implement a number of measures to reduce costs without directly impacting employees,” said Eileen O’Neill Odum, chief executive officer of Northern Indiana Energy. “Those measures include postponing major projects, reducing contractor costs and leaving vacancies unfilled. However, it is apparent that we need to identify additional cost savings as the economic downturn continues and negatively impacts industrial, commercial and residential customer demand for energy.”

In the second quarter of 2009, NIPSCO reported that industrial demand was 25 percent below the same period in 2008, resulting in a \$21 million decrease in revenue for that quarter alone.

In addition to the employee reduction, NIE has offered a voluntary furlough program for the remainder of 2009 to employees who choose to take time off without pay. In 2010, a mandatory furlough program will require management employees to take two weeks off without pay. Merit increases for 2008 performance, which had been delayed, have now been cancelled.

“This is a very difficult decision, because we know the impact this will have on employees who will be leaving the company,” Odum said. “But after all other options had been exhausted, this was a necessary step to balance our costs with our revenues.”

Ongoing business needs and skill sets will be used to determine which employees will be impacted by the workforce adjustment, which should be completed in October. Bargaining unit employees will not be affected by these job reductions or furloughs.

“To the extent possible, we will be reducing positions that do not have a direct impact on service to customers,” Odum said. “This difficult economy does not change our commitment to provide safe and reliable service to our customers.”

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 457,000 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 3.8 million natural gas and electric customers primarily in seven states. More information about NIPSCO is available at www.nipsco.com.

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