



FOR IMMEDIATE RELEASE

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FOR ADDITIONAL INFORMATION

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NIPSCO ANNOUNCES GAS COST ADJUSTMENT FOR SEPTEMBER

MERRILLVILLE, Ind. – Northern Indiana Public Service Company (NIPSCO) announced today that natural gas costs for September 2006 increased compared to last month, due mainly to an increase in wholesale natural gas prices. NIPSCO residential customers will see an increase in natural gas costs of 15.55 percent when compared to August 2006. The Indiana Utility Regulatory Commission (IURC) approved the adjustment subject to refund.

The increase is mainly due to the wholesale market's anticipation of an active hurricane season and hot weather across the United States during August, which created strong demand for natural gas for electric generation. A typical NIPSCO residential customer using 50 therms of natural gas should expect an increase of approximately \$7.22 from last month's statement in their September billing, although total bill amounts will vary as a result of actual consumption.

For natural gas customers who want consistent monthly payments, NIPSCO's BudgetPlan allows customers to spread gas costs over an entire year, and the Depend-a-Bill program provides a fixed monthly bill with no annual true-up. NIPSCO's Price Protection Service option allows customers to fix or cap their per unit cost of natural gas. Also, the NIPSCO Choice program gives customers an opportunity to choose an alternative natural gas supplier.

The GCA is an allowed monthly adjustment to the gas supply charge portion of NIPSCO's natural gas service rates. The adjustment, which must be approved by the IURC, reflects the fluctuations in the price NIPSCO pays in the marketplace for natural gas. The company passes on the costs of the natural gas directly to customers without any markup under its traditional, regulated GCA service option.

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NIPSCO is reminding customers about the availability to complete various transactions through its automated phone service, DirectLink, including several convenient bill payment options that differ from traditional mail, such as writing a check via phone or paying with a credit or debit card. Customers with Internet access can also pay with a credit, debit card, or check online, or enroll in NIPSCO's Online Bill Payment program. For more information about DirectLink services and options, customers can call NIPSCO at 1-800-4-NIPSCO (1-800-464-7726).

Aside from the gas supply charge, the other components of NIPSCO's monthly gas statements include service costs for gas delivery, and state and local taxes. These service costs, which are also regulated by the IURC, vary with monthly natural gas use.

Helpful consumer information on natural gas prices and managing utility bills is also available from the Indiana Office of Utility Consumer Counselor (OUCC) toll-free at (888) 441-2494, or visit their website at www.in.gov/oucc. The OUCC is the state agency that represents the interests of all Indiana consumers in matters related to the provision of utility services.

The IURC may be contacted toll-free at (800) 851-4268, or via their website at www.in.gov/iurc. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure that utilities provide adequate and reliable service at reasonable prices.

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

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