



FOR IMMEDIATE RELEASE

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FOR ADDITIONAL INFORMATION

Colleen Reilly

Director, NIPSCO Communications

219-647-6388

NIPSCO ANNOUNCES PLANS TO BUY POWER PLANTS

Natural Gas Generation, Renewable Wind Energy and Energy Efficiency included in NIPSCO Plan

MERRILLVILLE, Ind.— Northern Indiana Public Service Company (NIPSCO) today announced its plans to purchase two natural gas-fired generating facilities with a combined capacity of 1,060 megawatts (MW).

The two plants, Sugar Creek, a 535 MW combined cycle gas turbine in Terre Haute, IN, and Whiting Clean Energy, a 525 MW combined cycle gas turbine in Whiting, IN, will add needed capacity to NIPSCO's current portfolio of generating facilities. The purchase is subject to the review and approval of the Indiana Utility Regulatory Commission (IURC) and the Federal Energy Regulatory Commission (FERC). The combined cost for the two plants is \$539 million.

The Sugar Creek facility currently is owned by The LS Power Group. The Whiting facility is owned by NIPSCO's parent company, NiSource Inc.

On November 1, NIPSCO filed its Integrated Resource Plan (IRP) with the IURC, citing the need for additional generating capacity to meet customer demand. The IRP considered multiple resource approaches. Options to reduce the amount of electricity that customers use include programs to encourage electric conservation, specifically, financial incentives to customers to reduce demand by opting into programs which encourage the efficient use of energy. Resource options that increase the amount of electric generation at NIPSCO which were reviewed included the potential restart of the idled Dean H. Mitchell Generating Station in Gary, Ind., building new generating facilities, entering into long-term contracts to buy power and the potential to acquire existing natural gas-fired generating facilities.

"The addition of these two plants to NIPSCO generating capacity will resolve the capacity shortfall facing the company," said NIPSCO President Mark Maassel. "Both plants are already operating, eliminating costly siting and construction issues if the company had chosen to build a new plant. In addition, with increasing concern over carbon emissions, natural gas plants are considered to be one of the best environmental options for power generation."

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“The action plan derived from the IRP findings resolves long-standing issues while minimizing costs to customers and taking advantage of environmentally-sound generating options, including renewable wind resources, and natural gas as a fuel,” Maassel added. “The action plan does not include the restart of the Mitchell Station at this time.”

The company said it will move forward immediately with its plans to seek approval to purchase the two facilities.

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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