

NEWS RELEASE

FOR IMMEDIATE RELEASE

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NIPSCO AND LAPORTE COUNTY ANNOUNCE SETTLEMENT REGARDING WINTER WARMTH PROGRAM

MERRILLVILLE, Ind. (Dec. 7, 2005) – Northern Indiana Public Service Company (NIPSCO) and the Board of Commissioners of LaPorte County, Indiana, jointly announced today that they have reached a settlement regarding NIPSCO's Winter Warmth program, which they have submitted to the Indiana Utility Regulatory Commission (IURC) for approval.

The settlement calls for NIPSCO to increase its financial contribution to energy assistance programs by \$250,000 this winter for a total of \$1.15 million. As a result, LaPorte County will not pursue its challenge as to how the Winter Warmth program is funded and operated through December 31, 2006.

"The settlement agreement reached with LaPorte County is another step in the process representing NIPSCO's commitment to ensure our customers have the resources they need to stay safe and warm in their homes this winter heating season," said NIPSCO President Mark Maassel. "Gas costs are at record levels, and NIPSCO, along with LaPorte County, anticipates the need for these funds will be great this year."

In October, NIPSCO filed a plan with the Indiana Utility Regulatory Commission to extend for a second year a pilot program that was approved last year for Winter Warmth. In November, the Board of Commissioners of LaPorte County filed a petition to intervene in the case.

LaPorte County Commission President Marlow Harmon said, "While we differ with NIPSCO on a number of cases involving rates and service, we are in agreement with them that provisions must be in place quickly to assist with low income heating assistance. This agreement allows the Winter Warmth program to continue for a second year, but this time with a greater contribution from the company. This settlement does not waive our rights to challenge the funding formula for the program beyond December 31, 2006, but for now, this additional contribution by the company and the program continuing is in the best interests of low- income ratepayers."

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Last year, Winter Warmth directed more than \$5 million in bill and deposit assistance to more than 14,000 customers across NIPSCO's gas service area. The program is designed to supplement existing energy assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP).

Major Brian Burkett, Corps Officer of The Salvation Army in Michigan City, Indiana, states, "The agreement between LaPorte County and NIPSCO, supporting the continuation of the Winter Warmth Program for another year, is an answer to prayer. Having served more than 1,800 families last year with utility assistance, we have front-line knowledge of the great need in our community. The increase in utility costs predicted for this winter can only cause those requests for assistance to escalate. With the Winter Warmth Program, hundreds of families, many with small children, will not have to suffer the ill effects of unheated homes and apartments. For these important reasons, we encourage the IURC to approve of the settlement and the continuation of the Winter Warmth Program."

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.

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