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COLUMBIA GAS PROPOSES COMPREHENSIVE HOME ENERGY EFFICIENCY PROGRAM AS PART OF RATE ADJUSTMENT REQUEST

CANONSBURG, PA (Jan. 28, 2010) – Columbia Gas of Pennsylvania, Inc., a subsidiary of NiSource Inc. (NYSE: NI), is seeking approval to launch a comprehensive, \$4 million home energy efficiency program as part of a natural gas distribution rate adjustment request filed today with the Pennsylvania Public Utility Commission (PUC).

Columbia's proposed residential Home Energy Efficiency Program, if approved by the PUC, will assist residential customers in reducing natural gas consumption in their homes. The program includes state-of-the-art diagnostic energy audits and incentives for customers to have program-certified contractors implement recommended measures. Columbia would be the first major gas utility in Pennsylvania to implement an energy efficiency program available to all residential customers.

"Columbia Gas is committed to and focused on its mission of delivering efficient, reliable and quality service to our customers and we continue to make improvements and investments in these areas," Columbia Gas of Pennsylvania President Carol Fox said. "We're equally focused on offering customers meaningful energy conservation programs that will help reduce the amount of gas consumed in their homes."

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In addition to the proposed Home Energy Efficiency Program, Columbia's filing contains recommended modifications to some of its low-income customer assistance programs – like its Energy Efficiency Program – to make them more relevant and accessible, as well as increase funding to other programs such as its Emergency Repair Program from \$250,000 to \$500,000 annually.

Since 2008, Columbia Gas has invested more than \$165 million in distribution pipeline system improvements and low-income energy assistance programs. Of that, Columbia Gas has invested more than \$105 million to replace and upgrade more than 871,000 feet of aging underground pipe and distribution facilities throughout its service area. The proposed distribution rate adjustment, if approved as filed, would provide Columbia Gas an additional \$32 million in annual revenues, allowing for a fair return on its investments and continued infrastructure investment, as well as expansion of energy efficiency programs.

“Today's filing is a direct reflection of the increased costs that we face as we continue to fulfill our primary mission of delivering safe and reliable natural gas service,” said Fox. “Our ongoing and planned infrastructure investment requirements and modifications to our customer programs make it necessary to adjust our revenues in an effort to better align them with our costs.”

If Columbia Gas' proposed adjustment is approved by the PUC, the average total bill for a residential customer who purchases 7.2 Mcf of gas per month would increase from \$84.95 to \$90.82 (a 6.9 percent increase), the average total bill for a commercial customer using 43.5 Mcf per month would increase from \$407.43 to \$423.27 (a 3.8 percent increase) and the average total bill for an industrial customer using 500 Mcf per month would increase from \$4,316.63 to \$4,448.99 per month (a 3 percent increase). These figures represent an annual average monthly bill with the customer purchasing their gas from Columbia.

Gas costs generally represent about 60 percent of a residential customer's total bill. Columbia purchases its gas on the wholesale market and under Pennsylvania law, passes these costs on to the customer without mark-up or profit. The gas cost portion of a residential customer's monthly bill is based entirely on their home's gas consumption.

The proposed base rate adjustments would bring Columbia's revenue in line with costs associated with maintaining, operating and investing in its 7,400 mile natural gas distribution system. This is the only portion of the bill where Columbia is allowed to earn a return on capital investments.

"We have made a concerted effort at minimizing the impact to our customers and believe this is a fair and reasonable request, which will provide a number of tangible benefits to all of our customers," Fox said.

Columbia has also requested PUC approval to invest a \$37 million federal tax refund into improvements of the company's gas distribution system. In 2009, Columbia sought and received a federal tax refund for the prior 20 year period. Columbia is proposing to utilize ten percent of the refund annually — for the next ten years — to fund incremental infrastructure replacement projects in addition to previously planned capital improvements. Approval of the proposal would allow Columbia to continue to utilize available funding streams to accelerate distribution system upgrades and provide safe, reliable natural gas service.

In a general rate proceeding such as this, it could take the PUC up to 9 months to review the filing and issue a formal order, with new rates effective in late 2010. Customers with questions regarding Columbia's proposal may call 1-1-888-460-4332 or log onto www.ColumbiaGasPa.com for more information.

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About Columbia Gas of Pennsylvania

Columbia Gas of Pennsylvania, with local headquarters in Canonsburg, Pa. (Washington County), serves approximately 413,000 customers in 26 counties. It is one of the 10 energy distribution companies of NiSource Inc. (NYSE: NI). NiSource distribution companies serve 3.8 million natural gas and electric customers primarily in nine states. Visit Columbia Gas of Pennsylvania online at www.ColumbiaGasPa.com.