



Columbia Gas Transmission • Columbia Gulf Transmission •
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Hardy Storage Company • Millennium Pipeline Company

FOR ADDITIONAL INFORMATION

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Columbia Gulf Transmission files Section 4 rate case, first in 14 years *Retains lowest base tariff rate among its direct competition*

HOUSTON, October 29, 2010 – NiSource Gas Transmission & Storage (NGT&S) announced today that Columbia Gulf Transmission filed a Section 4 rate case with the Federal Energy Regulatory Commission. With the proposed rate increase, Columbia Gulf Transmission still retains the lowest base tariff rate among its direct competition.

“Price stability is a cornerstone of Columbia Gulf’s service, with a set of base rates that have not been adjusted since 1998,” said Jim Downs, vice president of NGT&S Rates and Regulatory Affairs. “This proposed rate increase allows Columbia Gulf the opportunity to obtain a reasonable rate of return on its investment and recover the higher operating costs the system now requires.”

Columbia Gulf has increased operating costs and capital investments, largely related to integrity management and reliability programs. Additionally, the way in which customers utilize the pipeline system has fundamentally changed, as shale production from basins such as Barnett, Fayetteville and Haynesville continues to increase. As a result, the current \$0.12 rate on the pipeline does not allow for an adequate rate of return. The recently filed rate case includes a mainline zone increase from \$.12 to \$.19 and an onshore zone increase from \$0.04 to \$0.07, both calculated at 100 percent load factor and inclusive of both demand and commodity charges.

In response to changing natural gas markets, Columbia Gulf also proposes, on a prospective basis, a new rate design to establish a single maximum recourse transportation rate for transportation anywhere on its system under a single contract and a single nomination system. This change in rate design increases the value of holding firm transportation capacity on Columbia Gulf, as it adds flexibility for shippers to reach traditional markets in the Mid-Atlantic and Midwestern states, in addition to the growing natural gas markets in the Southeast, Florida and the Henry Hub. For example, via the postage stamp, system-wide rate, a shipper can access the Henry Hub as well as the northernmost point of Columbia Gulf at Leach, Ky., for an all-inclusive rate of \$0.19 instead of the higher stacked rate of \$0.26. The improved rate design also improves access to a growing number of third-party storage providers attached to Columbia Gulf’s strategically positioned transportation system.

In addition to the rate adjustment and revised rate design, a number of tariff changes are proposed within the filing. These revisions will update the Columbia Gulf tariff to be consistent with industry practices and allow greater flexibility of service to attract new load, such as natural-gas fired power generation.

“Columbia Gulf is a dynamic pipeline, providing reliable and economical transportation,” said John McNamara, NGT&S vice president of Marketing and Origination. “Through the rate design change and tariff enhancements associated with this filing, Gulf will be better able to balance the needs of Columbia Gulf and its customers, while allowing the pipeline to achieve returns for which the Natural Gas Act allows.”

Prior to the October 28 filing, Columbia Gulf communicated plans for the rate case to customers. “Throughout preparation for this rate case, maintaining an open line of communication with customers has been a priority,” said McNamara. “We shared details of the filing, invited feedback, and incorporated what we could into our plan. Columbia Gulf is committed to ongoing collaboration with customers, on all elements of its services.”

Customers have 12 days to intervene after the filing, and Columbia Gulf has requested a rate effective date of December 1, 2010, with rates subject to refund.

As subsidiaries of NiSource Inc. (NYSE: NI), the NiSource Gas Transmission & Storage companies include Columbia Gas Transmission, Columbia Gulf Transmission, Hardy Storage, Millennium Pipeline and Crossroads Pipeline. Combined, the companies operate about 15,000 miles of interstate natural gas pipeline and 37 storage fields, delivering over 1 trillion cubic feet of natural gas per year. For more information about NiSource Gas Transmission & Storage, please visit www.ngts.com.

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