



News Release

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CONTACT: Lisa Smith
Communications Manager
Columbia Gas of Kentucky
859-288-0245 Office
859-421-3307 Cell

Kentucky Public Service Commission accepts settlement in Columbia Gas of Kentucky rate case *Average residential monthly bill to increase \$4.22*

LEXINGTON, Ky. – August 29, 2007 – The Kentucky Public Service Commission (PSC) today issued its order accepting a settlement that allows Columbia Gas of Kentucky an increase in total revenues of \$7.25 million, or 4.58 percent. This increase translates to an increase of \$4.22 on an average residential customer's monthly bill and an increase of about \$6.95 on an average commercial customer's monthly bill. The new rates are effective today.

Columbia Gas of Kentucky (Columbia) filed its request to change the base delivery rates charged to its customers in 31 counties throughout Central and Eastern Kentucky in February 2007. Columbia's most recent change in its delivery rates was a *decrease* of \$7.8 million in 2003. Prior to that time, the company's base rates had not changed since 1996.

More specifically, the monthly customer charge for residential accounts will now be \$9.30 and will no longer include the first thousand cubic feet (Mcf) of natural gas. The monthly customer charge for commercial accounts will now be \$23.96 and will no longer include the first Mcf of natural gas. The volumetric rates for the delivery charge for residential and commercial accounts will not change. Energy assistance programs for eligible customers also will not change.

In addition, the customer reconnect fee resulting from non-pay disconnections will now be \$25 and the returned check fee will be \$15.

Columbia withdrew its request for an Accelerated Main Replacement Program (AMRP) rate recovery mechanism following an August 1 decision rendered in Franklin Circuit Court stating that the statute which authorized AMRPs was not enacted lawfully and was, therefore, invalid. "Although this rate recovery mechanism is not available to us, we remain committed to replacing aging gas lines to enhance the overall safety and reliability of our system so that we can continue to provide our customers with safe, reliable natural gas service for many years to come," said Columbia Gas of Kentucky President Herb Miller.

The PSC's order also authorized Columbia's most recent gas cost adjustment (GCA) which updates the company's gas supply cost – the cost of the natural gas commodity – charged to its customers. The gas supply cost, which represents approximately 70 percent of a customer's monthly bill, will increase to \$10.1932 per Mcf, effective August 29, 2007.

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About Columbia Gas of Kentucky

Columbia Gas of Kentucky, headquartered in Lexington, is one of the 10 energy distribution companies of NiSource Inc. (NYSE: NI), a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. Columbia Gas of Kentucky serves approximately 140,000 customers in 31 Kentucky counties. NiSource operating companies serve more than 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. More information about Columbia Gas of Kentucky is available at www.columbiagasky.com. More information about NiSource and its other subsidiaries is available at www.nisource.com.

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; the effectiveness of NiSource's outsourcing initiative; actual operating experience of NiSource assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk.

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