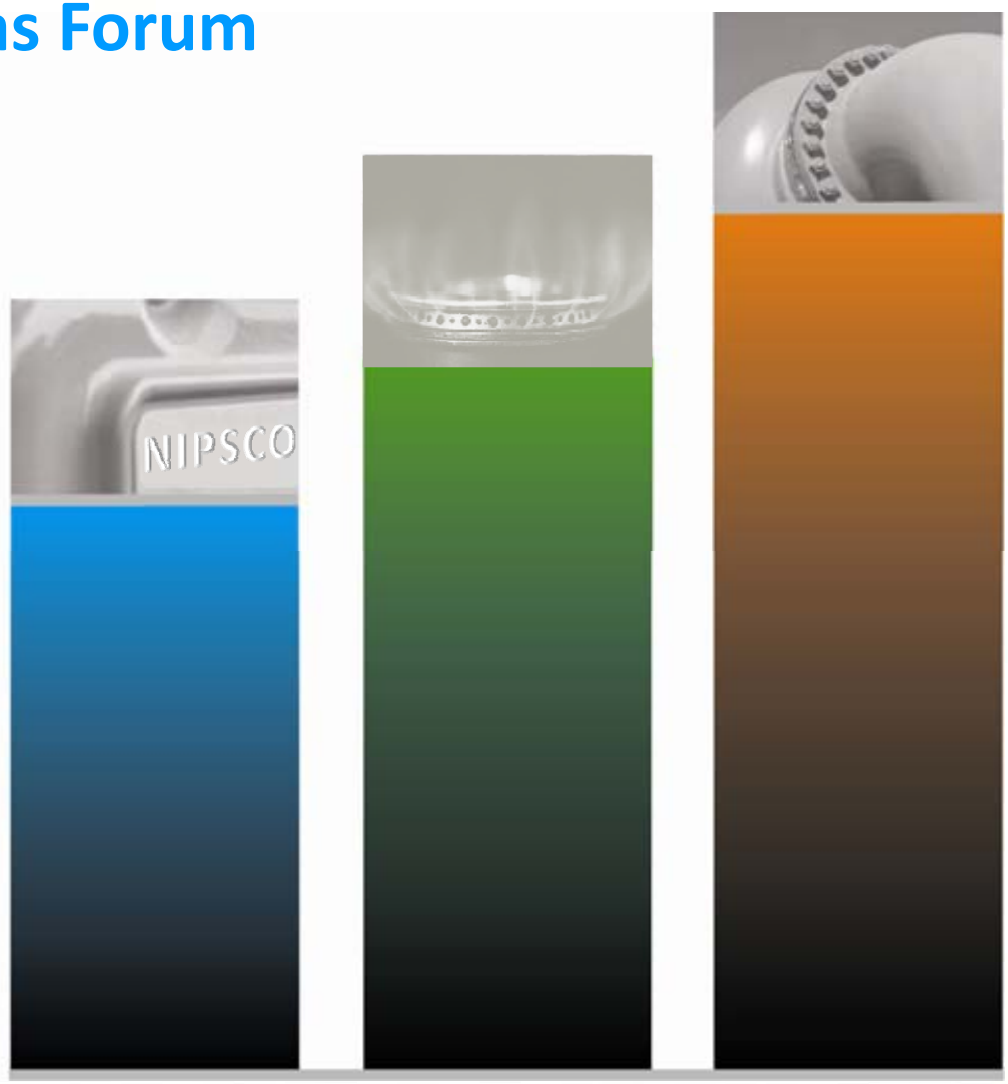
Northern Indiana Public Service Company

2013 Winter Natural Gas Forum

Jim Stanley
NIPSCO CEO

Presentation to the IURC
November 4, 2013



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NIPSCO Leadership

Michael Finissi
COO

Pete Disser
CFO

Keith Wooldridge
Senior VP Field Operations

Claudia Earls
AGC & Division Counsel

Dan Williamson
Executive Director Energy Supply & Trading

Kathleen O'Leary
President

Tim Dehring
Senior VP Transmission & Engineering

Frank Shambo
VP Regulatory & Legislative Affairs

Karl Stanley
VP Commercial Operations

Well Prepared to Serve Customers this Winter

Working to Become Indiana's Premier Utility

- Adequate natural gas supply and pipeline delivery capability
- Forecasting less than one percent higher bills this winter
- Helping customers save energy and manage bills

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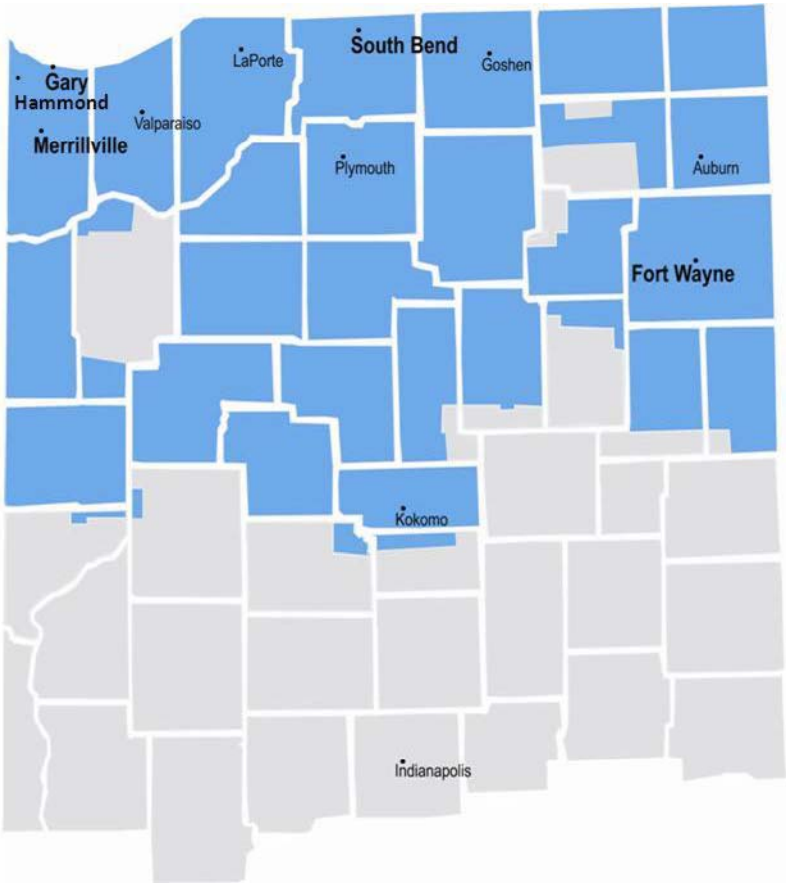
NIPSCO Natural Gas Profile



- 795,000 natural gas customers in 32 counties
- Serves 4 of the 10 largest Indiana cities (Ft. Wayne, Gary, Hammond, South Bend)
- Industrial gas customers consumed 75% of total NIPSCO throughput in 2012 (52% of total from largest 6 industrial customers)

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NIPSCO's Competitive Advantage

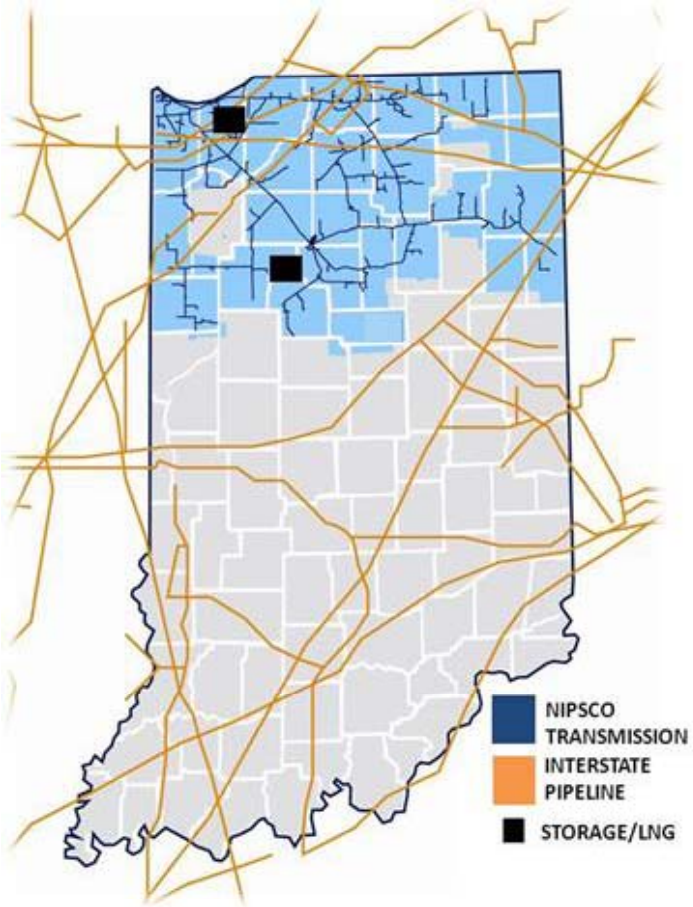
Energy Infrastructure and Costs are Key Economic Drivers

NIPSCO Advantages

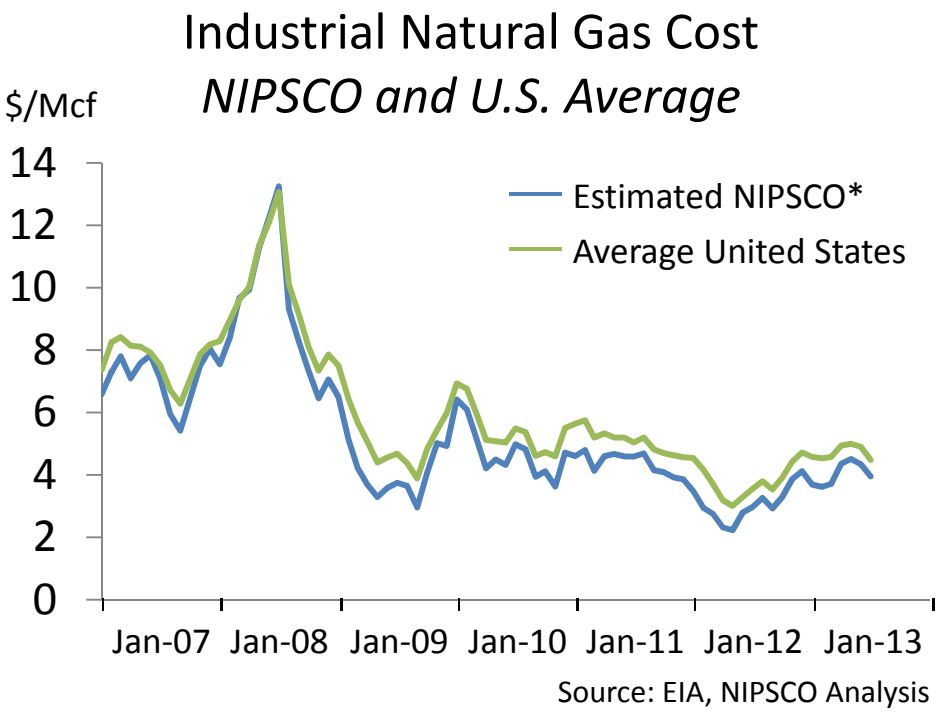
- Access to nearly every North American supply basin
- Two on-system storage facilities
- High-pressure transmission loop
- Combination bills for electric and gas customers compare favorably
- Offer low transportation rates and flexibility to select alternative supplier

Recent Business Development

- Pratt Industries – Usage: 5,500 Dth/day
- Magnetation - Usage: 9,000 Dth/day



Advantage to Industrial Customers



NIPSCO's Energy Infrastructure, Location Provide Lower Industrial Costs

- Approximately 65% of Indiana's total industrial natural gas deliveries are to NIPSCO customers
- NIPSCO's industrial customers paid on avg. 15% less per Mcf than U.S. avg. industrials (past 12-months)

Marketing the Value and Benefits

- Partnering with the state, IEDC, communities to tout Indiana's energy advantages
- Identifying opportunities to educate customers (Community Advisory Panels, Customer Meetings, C&I Energy Summit)

* Estimated NIPSCO based on Chicago City Gate Prices + $0.10/Mcf

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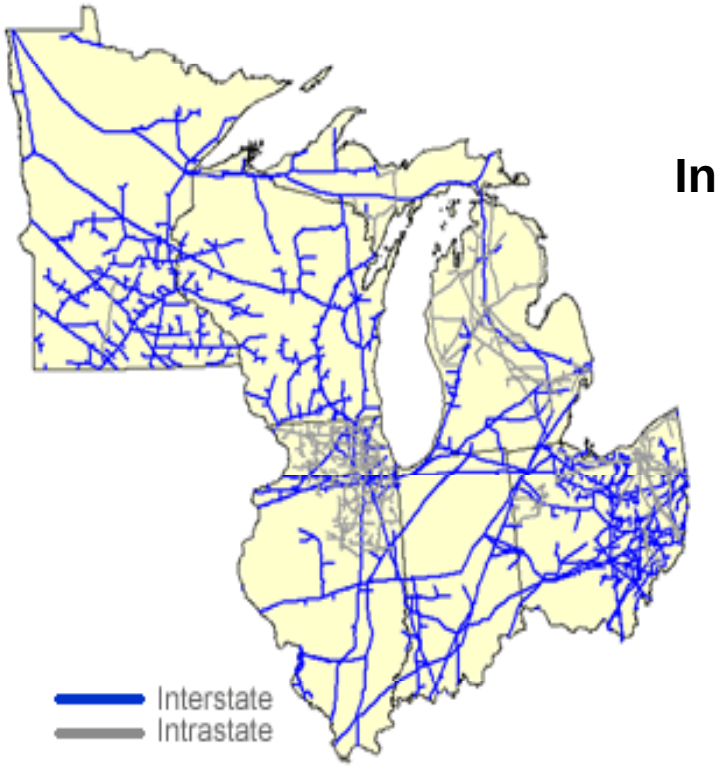
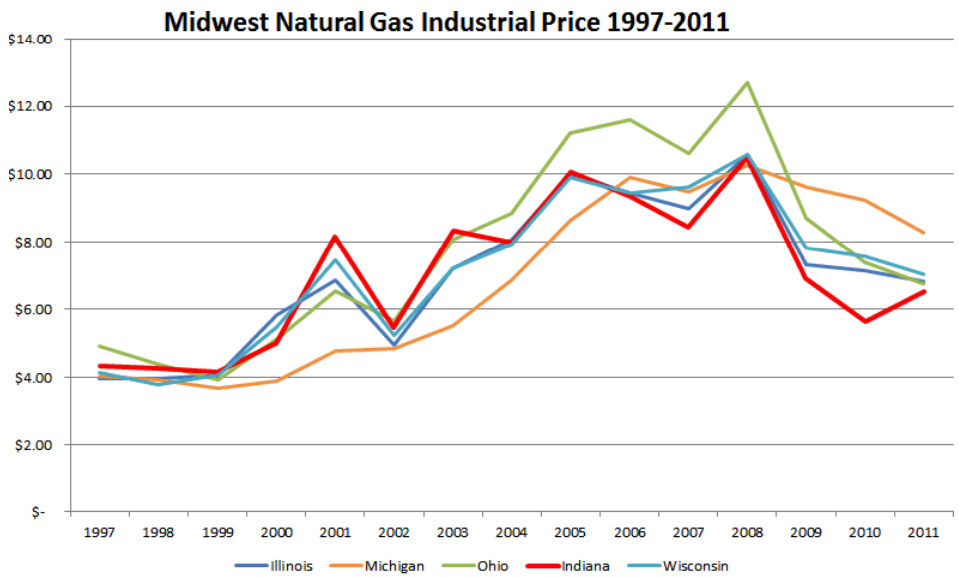
Indiana Compares Favorably to Midwest

Pipeline Infrastructure Supports Indiana's Access To Supply



Indiana Natural Gas Prices Lowest in Midwest



Source:EIA

Natural Gas Supply Portfolio

2013/2014 Natural Gas Supply Mix					
Winter Supply Mix	**%**	**$/Dth**	**Peak Day Supply Mix**	**%**	**Bcf**
Storage (Fixed Price)	55%	$4.23	Storage	77%	0.81
Hedges (Fixed Price)	11%	$4.28	Delivered Supply	12%	0.12
Variable (Market Price)	34%	$3.56	Transported Supply	11%	0.11
	100%	$4.01		100%	1.04

- NIPSCO is prepared to meet customer needs this winter

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Winter Bill Forecast 2013/2014

Residential Natural Gas Bill Forecast Nov 2013-Mar 2014						
	Nov	Dec	Jan	Feb	Mar	Total
This Winter	$46.46	$81.51	$114.67	$107.26	$87.33	**$437.23**
Last Winter*	$47.67	$82.01	$110.02	$104.74	$88.50	**$432.94**
Usage (Therms)	60	114	166	155	129	**624**

**Based on normal weather and usage levels*

- Currently lowest IOU cost provider in Indiana; Lowest in Indiana over the past two years on average (Source: IURC Residential Bill Survey)
- Indiana's residential delivered prices have been consistently less than the U.S. average (Source: EIA Monthly Price History)

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Strengthening System Integrity and Pipeline Safety

Assets in Good Condition and Operated Conservatively

Priority Pipe

1% NIPSCO

12% U.S.

3 NIPSCO

58 U.S.

Corrosion Leaks/1000 Miles

Gas Distribution System

- 16,837 Miles of Distribution Main
- 848,811 Services
- 99% Plastic or Protected Steel
- Cast Iron: 5 Miles – Retired by end of 2013
- Bare Steel: 59 miles – Plans to replace

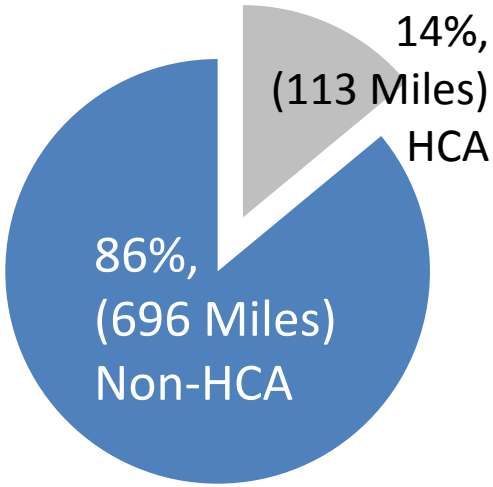
Gas Transmission Assets

- Conservative approach to High Consequence Area (HCA) definition; Method 1: Utilizing Class Location – Resulting in additional pipe assessed
- System operates at lower SMYS than typical in industry

Leaks/1000 Miles

1.2 NIPSCO

4.6 U.S.



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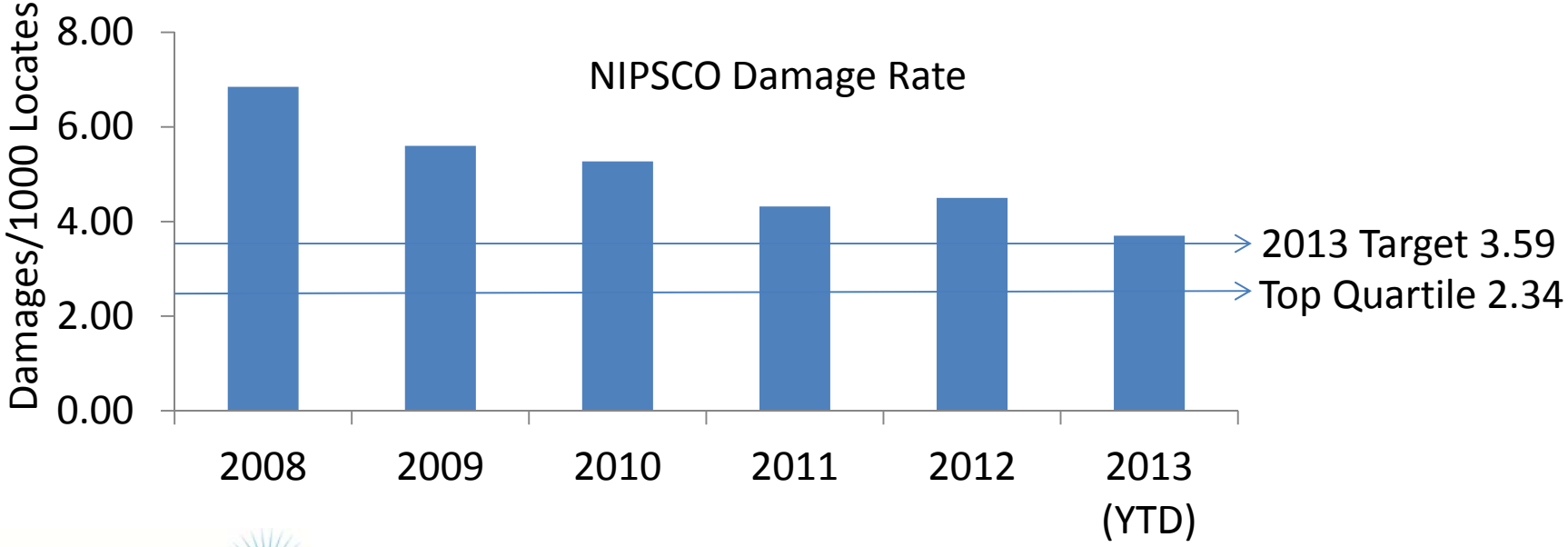
Damage Prevention Remains a Key Focus Area

Continued Improvements are Necessary

- Capturing better data to drive performance improvements and enhance strategic outreach plans
- Focused efforts continue to address individual causes of damage
- IURC Pipeline Safety division receives all info on every damage

40% Improvement in Past 5 years; More Work Needed



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Identifying Excavation Damages by Cause

Damage Cause (2012)	NIPSCO	U.S. Average
Excavator Error	34%	45%
No Locate Call	41%	25%
Operator Error/Other	25%	30%
Total	100%	100%

Source: Common Ground Alliance (2012)

Primary Cause of Damage

- Excavation Errors
- No Locates Requested
- Operator Errors
  - Failure to accurately or timely mark facilities
  - Incomplete maps and records

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Action Plan to Reduce Damages

Working to Ensure Continued Public and System Safety

Improve Information

- Updating maps/records by transferring remaining paper maps to integrate with GIS
- Reducing time lapse between installation of new line and updates to maps/records

Improve Accuracy and Timeliness of Locates

- Renegotiated locate contract to provide performance incentives and penalties for locate accuracy and timeliness
- Require additional training for errors; removal when severe
- Increased NIPSCO staff to monitor negligent excavators, investigate all damages
- Increased communications between locate technicians, excavators and company

Increase Awareness and Calls to 811

- Regularly conduct in-person meetings with excavators
- Continued collaboration, efforts with IEA group to improve digging across the state
- Applying best practices and key learnings from benchmark utilities
- Continued targeted public awareness plan and refinement
- Working with Indiana 811 to drive more statewide efforts
- Conducting immediate follow-up with residents and excavators after damage

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Available Bill Assistance Options

Helping Customers Manage their Bills	
LIHEAP	• 35,000 NIPSCO customer assisted last year
NIPSCO C.A.R.E. Discount	• LIHEAP customers auto-enrolled, receive bill discount • $3.5 million budget forecasted for 2013/2014 (approximately 25% funded by NIPSCO)
NIPSCO Hardship Funds	• Helps customers at 151-200% of poverty level • NIPSCO provided nearly $145,000 to 878 customers last winter
Budget Billing Plan	• 30% of customers currently enrolled
Township Trustees	
Reduced Deposit Amounts	
Payment Arrangements	

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Helping Customers Save Energy

NIPSCO Natural Gas Programs	2008-2013 (June)
Residential Energy Efficiency Rebates	68,083 Rebates
School Education	25,279 Students
Residential Energy Conservation	330,000 Homes
Residential Income Qualified Weatherization	3,265 Homes
Residential Multifamily Direct Installs	29,278 Homes and Complexes
Residential New Construction	1,648 Homes
Residential Home Weatherization	36 Homes
Residential Home Assessments	13,003 Homes
C&I Gas Incentives	137 Customers
C&I Gas New Construction Incentives	4 Customers
Total Net Therm Savings	26.1 million

Nest Thermostat Pilot Program

- Studying impacts of auto learning thermostats in customer homes
- Installing 400 Nest and 400 conventional programmable thermostats in customer homes to monitor/compare energy savings impact

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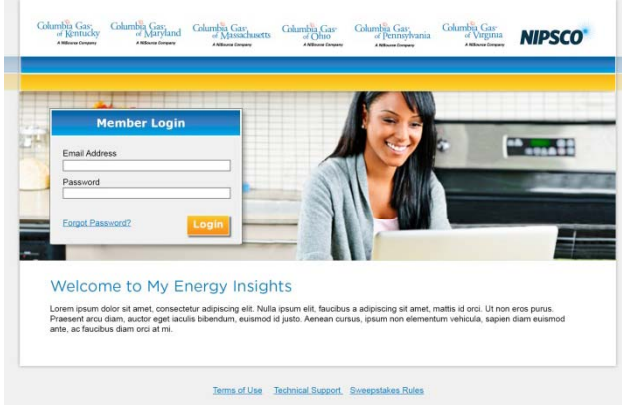
Enhanced Customer Communications

- New Online Customer Focus Groups for Feedback
- Continued Proactive E-mail Communications
  - LIHEAP Availability, Save Energy, Surveys
- Grass Roots Customer Engagement
  - C&I Energy Summit, TAP (technical assistance program) training, customer alliance workshops, local events
- Continuing to Enhance Mobile Site
- Expanded Advertising Efforts and Public Outreach

Pandora radio ads

Expanded advertising

Vehicle wraps



Online customer focus group

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NIPSCO's Pledge to Customers

- Maintain a safe and reliable gas system
- Ensuring adequate gas supplies and delivery capability
- Providing low-cost gas service
- Helping customers save energy and manage bills
- Improving communications with customers and stakeholders

Thank You