

**FOR IMMEDIATE RELEASE**

December 7, 2004

**FOR ADDITIONAL INFORMATION**

**Media**

Carol Churchill  
Director, Corporate Communications  
(888) 696-0481  
[cchurchill@nisource.com](mailto:cchurchill@nisource.com)

**NiSource Energy Technologies designs natural gas-fueled distributed generation system for Utilimaster Inc.'s Wakarusa facility**

CHP unit provides energy savings and environmental benefits

Merrillville, Ind. – NiSource Energy Technologies, a subsidiary of NiSource Inc. (NYSE: NI), designed an innovative natural gas-fired combined heat and power (CHP) distributed generation (DG) system that was recently installed at Utilimaster Inc.'s Wakarusa paint shop and production facility. The system incorporates a natural gas-fueled microturbine for electric generation that recycles the exhaust heat in Utilimaster's plant operations.

“This CHP application is an excellent example of Utilimaster's commitment to finding energy-efficient and environmentally-friendly solutions that allow the company to maintain its competitive edge in terms of product quality and value,” said Dan Murray, Environmental, Health and Safety manager for the Utilimaster facility. “When a project combines energy savings, improved product quality and environmental benefits, it's a winning situation for our customers, our company and our local communities.”

“A major environmental advantage of this system is that it emits 90 percent less nitrogen oxide (NOx) than a conventional coal-fired electric generation system,” added Murray. “This reduction in emissions is the equivalent of removing about 73 cars from the road.”

The CHP system works by producing 70 kilowatts of electricity in a microturbine and recycling the waste heat. The exhaust gas (waste heat) heats a hot water loop that, in turn, dispatches heat via an integrated energy management system to two production areas in the plant -- a desiccant drying system in the truck wash line and a drying oven in the small parts painting line.

The unique part of the CHP process is the desiccant system, which uses a honeycomb wheel-like cassette that can remove approximately four times more moisture from the air than traditional radiant heaters. Moist air passes through the wheel, where the moisture is chemically absorbed, and hot dry air is returned to expedite the drying process. Waste heat from the micro turbine is used to remove the moisture from the desiccant wheel and that air is routed and utilized in other areas of the plant.

more

“Combined heat and power and distributed generation will play essential roles in America’s energy future,” said Mike Zdyb, vice president of Business Development for NiSource Energy Technologies. “This new installation in the Midwest further demonstrates that a distributed generation system recycling waste heat can provide an exciting operating alternative for a business as it manages its energy strategies. Forward-looking companies, such as Utilimaster, are breaking new ground in energy utilization.”

The Utilimaster facility is a member of Partners for Pollution Prevention, a not-for-profit organization established by the Indiana Department of Environmental Management (IDEM), whose member businesses and organizations promote successful approaches to achieving measurable reductions in pollution throughout the state. NiSource, the parent company of NiSource Energy Technologies, also is a member.

Utilimaster received a \$30,000 grant for the installation of this project from the Energy and Recycling Office (ERO) of the Indiana Department of Commerce through the Distributed Generation Program. The program enables businesses to install and study alternatives to the central generations of electricity such as micro turbines and combined heat and power applications.

#### **About Utilimaster**

Utilimaster® is a world leader in custom van and truck bodies, building quality custom commercial vehicles (walk-ins/step-vans, parcel delivery vans, truck bodies) and is ISO 90001 certified.

#### **About NiSource Energy Technologies**

NiSource Energy Technologies, a subsidiary of NiSource Inc. (NYSE: NI), markets and sells distributed power generation systems to commercial and industrial customers. These small, on-site generating systems enhance power quality, improve reliability and operate with or without the local electric utility grid. The company is focused on targeting early adopters of distributed generation technology.

#### **About NiSource**

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 holding company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at [www.nisource.com](http://www.nisource.com).

more

#### Forward-Looking Statements

This 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 the Company and its management. Although NiSource Inc. believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved.

Investors 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, dealings with third parties over whom NiSource has no control, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counter-party credit risk.

###