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Pipeline Company

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Tennessee Gas Pipeline to acquire Columbia Gulf's offshore assets, operations

Columbia Gulf Transmission and Tennessee Gas Pipeline Company, a unit of El Paso Corporation, have entered into a binding Purchase-Sale Agreement whereby Tennessee Gas Pipeline will acquire the majority of Columbia Gulf's interest in offshore Louisiana assets and operations that the companies co-own in the Gulf of Mexico.

Columbia Gulf has agreed to transfer its ownership interests in the Bluewater Pipeline System, the Bluewater Header, Columbia Deepwater's Southwest Lateral and the South Pass and South Timbalier offshore pipeline systems. Also included are Columbia Gulf's Pecan Island Compressor Station and Extraction Plant, Vermillion Block 245 offshore compressor station, as well as the onshore section of pipeline from Pecan Island to the Egan Measuring Station. Upon regulatory approval and closing of the transaction, Tennessee will assume operating responsibility for the assets.

"These assets were built by Columbia Gulf and Tennessee when both companies performed gas merchant functions prior to the unbundling of the natural gas industry which occurred in the 1990's," said Christopher Helms, president of NiSource Gas Transmission and Storage. "Today, Columbia Gulf is interconnected with numerous and diverse supply sources, including new gas supply from Texas and Louisiana at the expanding Perryville, Louisiana hub."

Helms added that Tennessee Gas Pipeline, as the joint venture partner in the offshore facilities, is the logical owner. "We will be working closely with Tennessee and our shippers to ensure a smooth and seamless transition," Helms said.

The transaction is subject to regulatory approvals. Both companies anticipate making the necessary regulatory filings by year end with a closing during the first half of 2008. The agreement signed this week also provides for settlement of all pending litigation between the companies at closing.

Employees at Pecan Island and Vermillion Block 245 will continue to be employed by Columbia Gulf until the transfer of assets is completed. In the meantime, Columbia Gulf and Tennessee are working together to finalize future staffing arrangements for affected employees.

About Columbia Gulf Transmission and NiSource

Columbia Gulf Transmission Co. operates 4,200 miles of natural gas pipeline in Louisiana, Mississippi, Tennessee and Kentucky, connecting producers in the Gulf Coast with markets throughout the eastern United States.

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 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.
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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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