

Settlement Filed on Cost-of-Service Agreement for PPL Wallingford Plant

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ALLENTOWN, Pa.

PPL Wallingford Energy LLC and other parties filed a settlement agreement Friday (9/29) with the Federal Energy Regulatory Commission to resolve payments due to PPL for electricity generated by a power plant in southwestern Connecticut.

The settlement provides that PPL will be paid \$44 million -- less \$1 million already received -- for electricity generated by four of the five generating units at the Wallingford plant from February 2003 through May 2006 under a cost-of-service "reliability must run" (RMR) agreement.

ISO New England will make those payments, plus interest, over a two-year period.

In addition, PPL would be entitled to receive about \$1.8 million per month from ISO New England as of June 1, 2006, for the fixed costs of the four units under a revised RMR agreement until the agreement ends.

Under terms of the settlement, PPL expects the revised agreement to remain in effect through May 31, 2007. At that time, PPL expects to receive revenue for the Wallingford plant in ISO New England's Locational Forward Reserve Market, which provides revenue to quick-starting plants such as Wallingford for their ability to begin generating power on short notice to meet power reliability needs in the region. Under certain conditions, the revised agreement could extend beyond May 31, 2007.

"This settlement represents a reasonable compromise that resolves the dispute and avoids additional litigation," said Joe Hopf, president of PPL EnergyPlus.

The settling parties have requested that FERC approve the settlement as soon as possible, but no later than Dec. 31, 2006.

In 2003, FERC initially rejected a "reliability must run" contract negotiated between PPL and ISO New England for the Wallingford units, but in August 2005 a federal appeals court reversed the ruling and sent the matter back to FERC for reconsideration. In April 2006, FERC accepted the contract subject to refund and settlement proceedings.

Parties to the settlement, in addition to PPL and ISO New England, are the Connecticut Department of Public Utility Control, the Connecticut Office of Consumer Counsel and Northeast Utilities Service Company on behalf of Connecticut Light and Power Company.

Wallingford is a 245-megawatt, natural gas-fired power plant that has been in operation since 2002.

PPL Corporation (NYSE: PPL), headquartered in Allentown, Pa., controls about 11,500 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to more than 5 million customers in Pennsylvania, the United Kingdom and Latin America. More information is available at www.pplweb.com.

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