

PPL Montana Generation is Helping California Electricity Customers

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While much of the generating capacity at PPL Montana's power plants is dedicated to supplying customers in Montana, the company is regularly selling excess electricity into the Western Systems Coordinating Council, which can help to ease the power supply crisis in California. PPL Montana is a subsidiary of PPL Corp. (NYSE: PPL).

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"The primary obligation of PPL Montana is to supply the needs of the customers of The Montana Power Company under a long-term contract," said Roger Petersen, president of PPL Montana. "We have been operating these plants at full capacity, regularly selling electricity to other electric utilities in the Northwest, and to California entities that can move power directly into that state."

And, because of the way the power pool operates, additional electricity supply anywhere in the Western states will ease the California shortages. Within the Western Systems Coordinating Council, power can be traded across state lines to meet the needs of users located within the 14-state region, provided that transmission is available.

"We have been monitoring the situation in California very carefully and we are doing our part -- within the guidelines of our risk management program -- to provide needed electricity," said Larry De Simone, president of PPL EnergyPlus, the company that markets electricity produced at all of PPL Corp. power plants. "At PPL, we have a very disciplined approach to the energy marketing business and that includes managing our exposure to credit risk. The mounting debt of the California ISO members, and their continuing ability to pay the California ISO for power, is a concern that we have addressed to protect the interests of PPL shareowners."

PPL Montana is among several energy suppliers that have extended credit to the California ISO. "Unfortunately, the California ISO is now over the credit limit that we have established," said De Simone. "We remain committed to supplying the California market but we need to clear up the credit risk issues."

De Simone pointed out that credit risk practices are standard practice in business-to-business transactions. Like virtually all commercial suppliers, PPL EnergyPlus has credit limits in place for all its customers and routinely evaluates these limits to take into account changes in circumstances.

On Thursday (12/14), PPL did receive an order from the Department of Energy regarding emergency requirements to sell electricity into California. "While we still have significant concerns about the creditworthiness of the California ISO, we will comply with the DOE order to supply that market directly, after we have met our firm contractual obligations to Montana Power and to other parties in the Western Systems Coordinating Council," said De Simone.

PPL Montana owns about 1,150 megawatts of electric generating capacity throughout the state of Montana. PPL EnergyPlus, from a trading floor in Butte, markets electricity beyond that dedicated to supplying Montana Power customers. PPL EnergyPlus also sells energy to competitive retail customers in Montana.

PPL Corp., headquartered in Allentown, Pa., generates electricity at power plants in Pennsylvania, Maine and Montana; markets wholesale or retail energy in 42 U.S. states and Canada; and delivers electricity to nearly 6 million customers in Pennsylvania, in the United Kingdom and in Latin America.

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