

FERC Approves Amendments Implementing Penobscot River Agreement

The first in a series of amendments to enhance power generation on the Penobscot River, as part of the Lower Penobscot River Settlement Agreement, have been approved by the Federal Energy Regulatory Commission (FERC). These energy enhancements are one component of the precedent setting agreement to restore Atlantic salmon and ten other sea-run fish to Maine's Penobscot River.

FERC approved amendments for 8-megawatt Veazie, 3.44-megawatt Medway, and 8-megawatt Stillwater. They include provisions to make flashboards one foot higher, enlarging impoundments and permitting additional annual generation of 2,303 megawatt-hours at Medway, 5,800 megawatt hours at West Enfield, and 965 megawatt hours at Stillwater. Fish passage requirements at the various dams were also altered. While FERC has not made an official ruling on the other component of the phase one energy enhancements, a new license to re-operate the Orono dam, the Penobscot River Restoration Trust sees this first series of approvals as a positive step. FERC should rule on Orono dam this coming August.

The settlement agreement calls for PPL Corporation to sell three of its eight Penobscot River hydro projects for approximately \$25 Million to a coalition that pledges to remove or bypass the dams. As part of the agreement, PPL Corporation has the opportunity to increase energy production at six dams, which will maintain more than 90% of their current energy generation; this is the first phase of such efforts.

Under the settlement, the non-profit Penobscot River Restoration Trust received a five-year option period to buy Veazie, Great Works and Howland Dam. The option agreement began in June of 2004. Once the funds have been raised and the dams purchased, Veazie and Great Works dams are to be removed, and Howland Dam is to be decommissioned and a nature-like fish bypass installed.

Once fully implemented, this project will ultimately result in restoring access to more than 500 miles of fish habitat in the Penobscot River basin for Atlantic salmon and 10 other sea-run fish. In addition, PPL Corporation has the opportunity to increase energy production at six dams, which would maintain more than 90% of their current energy generation