

Illinois Grants Approval for Transmission Corridor Linking Prairie State Generating Station to the Region's Electric Grid

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The Illinois Commerce Commission has approved development of nearly 38 miles of transmission lines that will connect the planned Prairie State Generating Station in Southern Illinois to the transmission grid in the region.

The approval paves the way for one of the largest high-voltage transmission line projects in the state's recent history and marks another significant milestone in Prairie State's development. Prairie State is a 1,600 megawatt supercritical electricity generating station and coal mine that will be located near Lively Grove, Ill.

"We are pleased the state has approved development of transmission corridors that are key to Prairie State's ability to deliver reliable, low-cost electricity to Illinois and the Midwest," said Peabody Energy President of Generation and Btu Conversion Rick Bowen. "We appreciate the support from the state and the support from the Midwest ISO, which has enabled the interconnection to be made in the most efficient and cost-effective way."

Under terms of an agreement with St. Louis-based Ameren Corp., Ameren's transmission subsidiary, Ameren Illinois Transmission Company, and AmerenIP will construct and retain ownership of the transmission lines that will run from the Dynegy Energy Complex in Baldwin, Ill., to AmerenUE's Rush Island power station across the Mississippi River, as well as those connecting Prairie State to the grid. The primary transmission line provides a much needed "bridge" between Missouri and Illinois and is important for the flow of electricity between states.

Prairie State will generate low-cost electricity for more than 1.7 million Midwest families, create more than 450 permanent jobs and inject nearly \$100 million in economic benefits into the regional economy each year, according to a study by Southern Illinois University at Carbondale.

Prairie State has signed a \$2.9 billion engineering procurement, construction and management agreement with Bechtel Power Corporation and is advancing to groundbreaking this fall.

The Prairie State equity partner group includes American Municipal Power-Ohio (AMP-Ohio) Illinois Municipal Electric Agency (IMEA), Indiana Municipal Power Agency (IMPA), Kentucky Municipal Power Agency (KMPA), Missouri Joint Municipal Electric Utility Commission (MJMEUC), Northern Illinois Municipal Agency (NIMPA) and Prairie Power Inc.

Peabody Energy is the world's largest private-sector coal company, with 2006 sales of 248 million tons of coal and \$5.3 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity.

Ameren's transmission subsidiary, Ameren Illinois Transmission Company, and AmerenIP are subsidiaries of St. Louis-based Ameren Corporation. Ameren companies serve 2.4 million electric customers and nearly one million natural gas customers in a 64,000-square-mile area of Missouri and Illinois.

Certain statements regarding Peabody Energy in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may be beyond our control and may cause our actual future results to differ materially from expectations. We do not undertake to update our forward-looking statements. Factors that could affect our results and this project include, but are not limited to: the outcome of commercial negotiations involving power purchase contracts or equity party transactions; customer performance and credit risk; supplier performance, and the availability and cost of key equipment and commodities; availability and costs of transportation; labor availability and relations; legislative and regulatory developments; the outcome of pending or future litigation; coal and power market conditions; weather patterns affecting energy demand; availability and costs of competing energy resources; interest rate fluctuation; wars and acts of terrorism or sabotage; and other risks detailed in the company's reports filed with the Securities and Exchange Commission.

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