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ASTORIA GENERATING COMPANY ANNOUNCES SOUTH PIER IMPROVEMENT PROJECT TO PROVIDE CLEANER AIR AND MORE RELIABLE POWER IN SUNSET PARK COMMUNITY AND NYC

New York, NY, October 1, 2007 – Astoria Generating Company, a subsidiary of US Power Generating Company (“USPowerGen”) that owns over 20% of the generating capacity located in New York City, announced today the South Pier Improvement Project in the Sunset Park area of Brooklyn, NY. The Project will update the existing 560-megawatt Gowanus Generating Station with the addition of approximately 100 to 150 megawatts of new, cleaner electric generation to help meet the need for additional capacity in the Sunset Park area and in New York City while reducing the total emissions of Astoria Generating’s power plants in Sunset Park to below current levels. “The South Pier Improvement Project is a significant investment in the environmental and energy future of the Sunset Park community, the Brooklyn waterfront and New York City,” announced Jay Worenklein, Chairman and CEO of USPowerGen. The South Pier Improvement Project is projected to produce electricity in late spring of 2010 and will cost in excess of \$100 million to construct.

“Projects such as the South Pier Improvement Project are exactly what this City needs to enhance energy supply and reliability and to improve the quality of life for our residents through cleaner air quality,” stated Kathryn Wylde, a resident of southwest Brooklyn, and President and CEO of Partnership for New York City. “When business interests such as US Power Generating Company couple investment in needed, efficient new infrastructure with substantial environmental improvements, it is a win for the City and all of our residents,” Wylde concluded.

In making this announcement Mr. Worenklein explained, “We have made a concerted effort to be sensitive to the needs of the community and the City in preparing for this announcement. We are committed to create a net environmental benefit for Sunset Park and other Brooklyn neighborhoods.”

Prior to today’s announcement, the Company conducted technical analyses to develop the scope of the project and to confirm that the project will achieve improvements in all aspects of air quality. Air

quality may be improved through a variety of methods such as enforceable permit limits, emission control technologies, and other community-based improvements.

Prior to today's announcement, Mr. Worenklein and other officials of US Power Generating Company met with City and other local officials. With this announcement and permit filings, the Company will involve the community of Sunset Park and its residential, economic and environmental stakeholders and elected leaders in an active community participation program that will continue through the environmental review and approval process, construction and implementation.

"We look forward to continuing to work with the leaders who represent this community and the City in a continuing and productive relationship as we bring reliable power sources to serve this area and to create future economic opportunity. We seek their assistance in shaping a project that will not only provide more efficient technology but also improve all aspects of local air quality in the community," continued Mr. Worenklein.

Following today's announcement, the Company will be submitting initial environmental and permitting documentation to initiate compliance with New York State and New York City environmental regulations. Worenklein further announced, "We have decided not to advance this project as a minor permit modification of a much larger, existing facility but instead have elected to prepare a full Environmental Impact Statement and will be requesting the NYS Department of Environmental Conservation to conduct a full review process pursuant to the State/City Environmental Quality Review Act."

"The success of this project will be improved by community involvement," concluded Worenklein. "As the project moves through the outreach and review process, we will be actively communicating with our neighbors and interested parties through a variety of public meetings, direct mailings, and via a project web site which can be visited at www.uspowergen.com.

ABOUT US POWER GENERATING

USPowerGen, through its subsidiaries, owns and operates Boston Generating LLC, Mystic I, LLC, Mystic Development, LLC, and Fore River Development, LLC, the Astoria Generating Station, the Gowanus Gas Turbine Facility and the Narrows Gas Turbine Facility, and eight power generation facilities with a total capacity of over 5,000 Megawatts (MW). These subsidiaries sell their energy and capacity into the NYISO and ISO-New England deregulated markets, representing generation sufficient to serve approximately 20% of the overall load in New York City as well as approximately 50% of the overall load in the Boston metropolitan area. More information regarding USPowerGen can also be found at www.uspowergen.com.